

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 19, 2025

von GILLERN: We're all good to go. All right. Welcome to the Revenue Committee. I'm Senator Brad von Gillern from Elkhorn, representing Legislative District 4. I serve as the chair of this committee. The committee will take up bills in the order posted. This public hearing is your opportunity to be a 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-- please-- and please, I implore you to take advantage of this part of the introduction. If you do not wish to testify but would like to indicate your position on a bill, there are also yellow sign-in sheets at the back table-- back on the table for each bill. These sheets will be included as an exhibit in the official hearing record. If you've heard multiple people share the thought that you're going to share and you're willing to do that, that's a way to make the time a bit more efficient for everyone. So I appreciate you considering that. 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'll 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 the closing statement by the introducer if they wish to give one. We'll be using a 3-minute light system for all testifiers. When you begin your testimony, the light on the table will be green. When the yellow light comes on, you'll have 1 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 have bills to introduce in other committees. If you have handouts or copies of your testimony, please bring up at least 12 copies and bring 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 statements 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. Written position letters will be included in the official hearing record, but only those testifying in person

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 19, 2025

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 left.

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

KAUTH: Kathleen Kauth, LD 31, Millard.

JACOBSON: Mike Jacobson, District 42: Lincoln, Hooker, Perkins, McPherson, Logan, and Thomas County.

MURMAN: Dave Murman, District 38, from Glenvil, and I represent eight counties along the southern tier of Kansas.

IBACH: Teresa Ibach, District 44, which is eight counties in southwest Nebraska.

von GILLERN: Thank you. Also assisting the committee today to my right is legal counsel Sovidia Tran, to my left is our legal counsel Charles Hamilton, and to the far left is committee clerk Linda Schmidt. Our pages today for the committee, please stand and introduce yourselves.

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

JESSICA VIHSTADT: Hi, my name is Jessica. I'm a second-year student at the University of Nebraska-Lincoln. I'm from Omaha, Nebraska, and I'm studying political science and criminal justice.

von GILLERN: Thank you for your help today, ladies. With that, we'll begin today's hearing with LB503 and welcome up Senator Bosn.

BOSN: Good afternoon.

von GILLERN: Good afternoon.

BOSN: Thank you, Chairman von Gillern, and good afternoon to the members of the Telecommunication-- excuse me. Wow. This is a copy-paste opening.

von GILLERN: You made us all look.

BOSN: You are not the Telecommunications Committee, the Revenue Committee. My, my legislative aide isn't in here, she'd be turning bright red right now. For the record, my name is Carolyn Bosn,

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 19, 2025

C-a-r-o-l-y-n B-o-s-n. I represent District 25, which is southeast Lincoln, Lancaster County, including Bennet. This is LB503, which would provide extra nameplate capacity tax revenue to counties that choose to become American energy friendly counties. A little bit of history on this bill, it's important for everyone to understand how we got here and why I would support, much less bring, a bill like this. Last summer, most of us here, not Senator Sorrentino, but most of us got here-- got to enjoy a few weeks together during a special session in an effort to reduce property taxes. Few left fully satisfied, but I do believe most of us wanted to find some meaningful relief for property owners in Nebraska. During the special session, former State Senator Anna Wishart, former State Senator Tom Brewer and I worked on variations of this bill. And I can assure you getting the three of us to agree on how a bill like this would actually be implemented and how it would work took work. And, ultimately, there just wasn't time to pursue this idea during the special session, but I agreed to bring a final product this session as a direct effort to find property tax relief through new revenue. That is without a doubt the goal of this bill. I'm presenting to you an opportunity or an idea that will reduce property taxes. Lots of people here will complain about property taxes, but if you're not open to ways and ideas to actually create revenue for the counties in order to reduce property taxes while reducing spending and other necessary changes, I think we can all agree that need to be made, I don't believe you're seriously working on a solution. So back to this bill. Privately developed renewable energy generation facilities currently pay an annual nameplate capacity tax of \$3,518 per megawatt of nameplate capacity. Under this bill, LB503, American energy friendly counties would receive 1.5 times that amount or or \$5,277 per megawatt of nameplate capacity. This would provide targeted relief-- tax relief to counties that choose it. Again, you're going to hear me continuously say counties that choose it. For instance, a single 300-megawatt project generates more than \$1 million in new tax revenue for taxing entities. Under this bill, LB503, the same 300-megawatt project would generate more than \$1.5 million in new tax revenue. That is in addition to property tax revenue, which by state statute remains consistent. All the new county revenue would be to the developer's cost and would not cost the landowner anything. In exchange, American energy friendly counties would then voluntarily adopt certain zoning regulations dealing with renewable energy facilities. For instance, facilities would operate by right. They would face no quieter than a 50-decibel sound limit and have reasonable setbacks-- bless you-- no height limit and no additional decommissioning requirements beyond the standard under state law. For reference, I would point out that my dishwasher is

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 19, 2025

rated at 50 decibels, which I very rarely hear because I have four small children running around my home. And I would note that they're louder than my dishwasher on a constant basis. LB503 also retains local control. Just as some counties have chosen to become livestock friendly counties, counties would choose or not choose to become American energy friendly counties. Their choice is entirely voluntary. In exchange, American energy friendly counties would then receive the benefit of additional nameplate capacity tax revenue. Nothing in LB503 requires counties to become American energy friendly counties. A county may still adopt zoning regulations of its own choosing. Even after becoming an American energy friendly county, the county could change its mind with no penalty. LB503 has no impact on counties' zoning authority. Additionally, the zoning standards in LB-- proposed in LB503 are consistent with what many Nebraska counties already require. More than two-thirds of Nebraska counties, for instance, impose no less than a 50-decibel sound limit on wind farms. LB503 setbacks are at least as strict as a majority of Nebraska's counties. In fact, the Center for Rural Affairs has published model clean energy ordinances for Nebraska, which resemble LB503's zoning regulations for an American energy friendly county. My bill allows the county to decide if it's going to become an American energy friendly county in two options. The first is through a resolution by the county board, which would have to be done with a resolution at a meeting, at a meeting. This means that there will be a public notice for constituents to attend the meeting. The other method is through a vote of the people in the county. Some have shared their concerns with me that the more populous areas would be forcing the landowners in the rural areas of a county to have solar or wind developments on their land. This is not true. My bill still retains a landowner's rights and leaves the decision up to landowners to choose whether or not to have a contract with a developer. You may also hear others mention that we should focus on small nuclear power plants. I don't disagree that this is a good option for providing energy. But shouldn't we also allow landowners to decide what they would like to do with their own land? I will also note that we are working on an amendment, and I assume after today's hearing we will have additional amendments or proposals that I am open to having those conversations. But the amendment that my legislative aide or I will be passing out after I'm done here removes lines 3 through 10 on page 2. It also makes a couple of other cleanup languages to refer you to a statute that was incorrectly referenced. But the main change is that lines 3 through 10 on page 2 are stricken. I am open to making the changes on this bill that would address the opposition. I have only learned of the majority of the opposition this morning and have not received any proposed amendments from anyone

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 19, 2025

other than the one that you're-- you have received just now. I ask the committee to support LB503 as well as the amendment. It provides extra nameplate capacity tax revenue to counties that voluntarily choose to become American energy friendly counties. It also provides certainty and simplicity in regulation that will attract investment while protecting the property rights of participating and nonparticipating landowners alike. I offer this bill to you as a proposed solution to a property tax problem that we have. I hope that you are open to that conversation and willing to listen. Thank you for your time and attention and I'm happy to answer any questions. I would note that there are a couple of individuals behind me who have probably more detailed information should you have it, but I'm also happy to try to answer them.

von GILLERN: Thank you for your opening? Questions from the committee members? Senator Jacobson.

JACOBSON: Just a quick question. I want to make sure I heard right when you were talking about the noise and I thought I heard you say not less than 50 decibels.

BOSN: Not more than-- I'm sorry, did I say that?

JACOBSON: OK. Yeah, I think twice. And I didn't know whether it was me or who it was but it beats the 80 decibels that the, that the crypto miners put out on their facilities so that, that less than 50 sounds like a pretty good thing.

BOSN: I'm sorry, a limit of not less than 50. So, yes, you wouldn't be able to limit them to less than 50, but you could limit them at 50.

JACOBSON: At 50. That's what I thought you were trying to say, yeah. So--

BOSN: Sorry.

JACOBSON: --I, I appreciate it. It's that lawyer stuff in it probably.

BOSN: It's a good question.

JACOBSON: Thank you.

von GILLERN: Thank you. Senator Kauth.

KAUTH: Thank you, Chair von Gillern. So I have a question about where is the American energy friendly designation? Is that something that we

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 19, 2025

already have in the statute or is that a, a new thing? Is it coming from national statutes or where, where did it come from?

BOSN: Sure. So I don't have a great this is where it came from. I wasn't provided with that as a national proposal from anyone. I think the purpose and I-- in reading some of the comments was that this isn't American energy friendly because these companies are more than 50% owned foreign companies. Well, the solar and the wind is certainly in Nebraska and the tax relief will be felt in Nebraska is the goal here. So I, I think those-- I don't know where the--

KAUTH: OK.

BOSN: --acronym, so to speak, came from.

KAUTH: OK. Thank you.

von GILLERN: Senator Sorrentino.

SORRENTINO: Thank you, Chairman von Gillern. Thank you for bringing it, Senator Bosn. I apologize, I haven't read through the entire amendment so maybe you've addressed this. But a county board, as, as originally stated, could either apply to the department to become a friendly county designation or put it to vote. Am I reading it right? So if they didn't want to put it to vote, the county can just act on their own without having the support of the constituents. Is that correct?

BOSN: The elected county board.

SORRENTINO: Elected county board. Correct.

BOSN: Correct. So-- and that's some of the opposition that I've received is why are we not putting this to a vote of the people? One of the thing-- and I'm open to those conversations is the long answer short is if that's how we resolve this, I want to talk about it.

SORRENTINO: OK.

BOSN: Right now, we do not have a method for a county board to have something-- have a resolution presented by the people. So, in other words, the, the reverse is true. If you have a county where the constituents wanted to vote for this and the county board doesn't propose a resolution, there isn't a method, like you can't go out and collect signatures to require them to put something before a vote of the people, like you could in a city. So you can do a city resolution,

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 19, 2025

you can do statewide things to force us to put things on the ballot, but there isn't that triggered mechanism for a county right now. So--

SORRENTINO: Long term, would you prefer this-- to keep it either or are you in favor of vote versus county, if, if you have any?

BOSN: I don't have a favor. I, I guess I just-- I felt like in the counties where there is a lot of pushback.

SORRENTINO: Right.

BOSN: Because the reverse goal of this is if you're a county that doesn't want it, that does not want this and says I don't want this, we will send a message to the green, green energy companies, you're not welcome here. And they're going to move on. Right? There's no reason to continue pushing there when you don't have this designation. The goal here is, go to a county that welcomes you, put in a, a solar farm or a wind, whatever the case is, have it be successful. See that property tax reduction for the residents of that county and have other counties say, wow, this-- the sky didn't fall. This county has had significant meaningful property tax reduction and it's worked there. And you'll-- it only takes a couple of counties who have it that want it and those become successful and they will go away from the counties that don't wish to have it. But if-- the goal here being, if there is pushback in the counties and the county board says, gosh, I don't want to upset my neighbors, they don't want this, I think it's a good idea. They say it's a bad idea. Let's just have the people vote on it and then it's out of their hands. They've washed their hands of that controversy.

SORRENTINO: One more question and I'm a city kid so I understand measurements. Are these distances away from homeowners, give me an idea. If I live in a city, is that a block away, is it a mile away? I, I just-- I have trouble-- where we live, the houses are 10 feet apart. So I know it's not, I know it's not that close.

BOSN: Well, it's, it's-- yeah.

SORRENTINO: But give me an idea because those are the kind of emails I've gotten on it.

BOSN: Sure. So the setback requirement right now, I think is-- and, and I'm trying to find the page as well because I've got the amendment. Are you looking at the amendment or the regular?

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 19, 2025

SORRENTINO: Well, I had looked at that email first. I did not look at the amendment until just now and it-- I think it said something.

BOSN: I think it said three times the setback requirement. So whatever the traditional setback requirement--

SORRENTINO: So if I have a setback of 20 feet from my neighbor, it could be 60 feet.

BOSN: Correct.

SORRENTINO: Just-- you're using a round number.

BOSN: Yes.

SORRENTINO: OK. I get it. Thank you.

BOSN: Yes.

von GILLERN: Thank you. Senator Jacobson.

JACOBSON: Well, I, I guess, as I think about this, I'm, I'm a little concerned. We talk about if the county doesn't want it, but it-- I'm a little focused more that these are going to be built in the-- outside the cities. OK? But if you look at the county board and you look at Lancaster County, Lincoln County, you know, going around, you look at how much now if you take it to a vote of the people, well, people living in the city limits of Lincoln, they don't care. But the people out in the country sure do. And I'm guessing we're going to hear from some of them.

BOSN: Oh, I'd count on it.

JACOBSON: I'm counting on it. My, my nephew lives in Lancaster County on an acreage, he does have-- I, I thought it was a permanent political sign, but it's a no, no wind mills. So I want to make sure I get that on the record for him. But the-- I, I know clearly when I drive down the-- Highway 77 and head towards Crete, there's a lot of signs that have been there for some time and there's pretty strong feelings in, in, in the county. I don't see that in, in the city, but I see that out in, in certain counties. And so my concern is whether it's a vote of the people, whether it's a vote of the county board, do we have enough representation of the people it's actually going to affect? If I can just vote and say we're voting for your interest, which is really contrary to what they want. That's, that's the challenge that, I guess, I've got with that.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 19, 2025

BOSN: Sure. And I don't know that any-- this bill doesn't address that one way or another because you still have to have a willing landowner who wants it. And if you're driving down Highway 77, I know exactly where you're talking about, you exit Highway 33 to get to Crete, there's a ton of those signs. Nothing in this bill forces any of those landowners to change their mind and to allow anyone to come in and do that on their property. But I--

JACOBSON: But they've got, but they've got neighbors that, that may be tempted by the cash. And, and their, their concern is they just don't want them in, in the, in-- at all in the county and that's--

BOSN: I can't fix that.

JACOBSON: I know. I know.

BOSN: But, quite frankly, I don't know that as a government we should be telling somebody who owns their land, your neighbor can't do what they want with their land because you don't want them to. I mean, that-- I can't do that. If my neighbor chooses to paint their house orange, I might not like that.

JACOBSON: And I agree with that, although I would just tell you too that there's the restrictions on further setbacks and some of those requirements that are given out. And then there's that automatic, evidently ability to put these up. I think that's where the concern comes in that, that the governor-- the government can basically take away any restrictions that, that could be put in that, that, that many in the county that are living out there to be away from a lot of that now have it and I think that's, that's a concern I have--

BOSN: Sure.

JACOBSON: --and I'm, I'm guessing there will be others that will too. You go out to more rural areas where there aren't any big cities in the county, my guess is they're, they're either, they're either going to like it or they're not and they're going to vote yes, they're going to vote no. But I'm, I'm just concerned that particularly as I look at Lancaster County that's-- it's an unique animal, and, and, obviously, I guess, Sarpy because I've heard that Sarpy has 80,000 acres of farmland.

von GILLERN: OK.

JACOBSON: According to Senator Holdcroft, that he's-- he said that more than once, so. Anyway, thank you.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 19, 2025

BOSN: Sure.

von GILLERN: Senator Sorrentino.

SORRENTINO: Thank you, Chairman von Gillern. Couple more points of verification, Senator. There can be private entities to do this and there could be state ones. Correct? And the private ones would be-- have the tax. Correct? Any state run wouldn't have one. Is that correct?

BOSN: I don't-- I'm not following you.

SORRENTINO: What would it be if I build one of these electric energy farms, for lack of a better word,--

BOSN: OK.

SORRENTINO: --and I'm a private investor, it appears there's funding to help them. Is that correct?

BOSN: Not in this bill.

SORRENTINO: Not in this bill?

BOSN: Not in this bill.

SORRENTINO: OK, I may have misread that. I apologize. If I, if I misread that, that might make my question moot here. But the tax was only against any private ones. If they're competing, there's a state-run one and a private one, the tax is only against the private entity. Is that correct? You don't tax [INAUDIBLE].

BOSN: This bill only addresses what would be privately owned. So there's no publicly owned.

SORRENTINO: You don't think there would be under this bill?

BOSN: No.

SORRENTINO: OK. So they'll all be private--

BOSN: Correct.

SORRENTINO: --and they'll be subject to the tax.

BOSN: Yes.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 19, 2025

SORRENTINO: The tax goes directly to offset property taxes, correct?

BOSN: Correct.

SORRENTINO: It doesn't go into the General Fund to be rein-- to be dispersed any other way?

BOSN: Not as it's drafted right now.

SORRENTINO: But it might? I, I don't know. OK.

BOSN: As, as I've learned in the Legislature, anything is possible.

SORRENTINO: OK.

BOSN: But my intention is for property tax relief.

SORRENTINO: OK. I-- I'm, I'm going to just go one more place, bear with me, page-- if you have the bill in front of you, page 6, line 17. I think that's with the bill, of the original bill: The American Energy Friendly Counties Fund is created. The fund shall be administered by the department and shall be used to award grants pursuant to-- and then it says: help qualifying counties become-- the fund shall consist of money transferred to [SIC] legislature, gifts, etcetera, including money remitted to the fund from any other federal, state-- any money available-- I'm sorry, any money in the fund available for investment shall be invested by the state investment officer pursuant to the Nebraska Capital Expansion Act and the Nebraska State Funds (Investment) Act. That, that's not subject to your amendment at all is it, that stays the same?

BOSN: That is not, I don't believe, part that was addressed in the amendment but I can look if you'll give me just a second.

SORRENTINO: Well, take your time. It's a long bill. It's a good bill. I just want to make sure I got it right. And it's paying expenses--

BOSN: No, it's not.

SORRENTINO: OK. And it's paying the expenses for consultants, attorneys, etcetera, like that. That's what it can pay according to the bill, and that would be--

BOSN: Expenses include fees for-- but those are not, those are not to the taxpayer at all. Those are to the developer.

SORRENTINO: To the developer themselves, they pay those?

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 19, 2025

BOSN: Correct.

SORRENTINO: OK. Thank you.

von GILLERN: Other questions? Just for as a matter of clarity for those who may not have the bill in front of them and you can-- I'll form this-- phrase this in the form of a question. The, the amendment deleted those-- page 2, I think you said lines 2 through 10.

BOSN: 3 through 10. Yes, sir.

von GILLERN: 3 through ten, which referred to battery storage. So there's-- and, and, again, trying to catch up on reading the bill and the amendment with no other change. That is the only reference to battery storage within the bill?

BOSN: Yes, the other changes in the amendment were a reference to a section that was proper-- improperly referenced. So it, it is truly a clean up everywhere except for that portion that removes any of the battery storage, battery storage capacity language at all.

von GILLERN: OK. So anyone who had concerns over the battery storage issue that's been taken out of the bill?

BOSN: Yes, sir.

von GILLERN: OK. Thank you. See if we got the rest of the questions, I think the rest of my questions have been answered. Oh, and Senator Sorrentino--

SORRENTINO: One more.

von GILLERN: --has one more.

SORRENTINO: I, I don't understand the fiscal note. It's \$54,000 in expenditures year one, \$50,000 the next year. If we're bringing in revenue by this taxation, is it just delayed? Maybe, that's what I'm not seeing. Maybe it's '27-28. It would seem like this, had this passed, the tax would show up in the revenue eventually. [INAUDIBLE]

BOSN: Well, but it would be local. So if your county chooses to become--

SORRENTINO: So that's the reason it's not showing up?

BOSN: Correct.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 19, 2025

SORRENTINO: OK.

BOSN: Correct.

SORRENTINO: Yeah, that makes sense. Thank you.

von GILLERN: Is that everything, Senator Sorrentino?

SORRENTINO: Oh, I might come up with something later.

von GILLERN: OK. That's OK.

BOSN: I plan to stay to close. So if he has more questions, I'm happy to answer them.

von GILLERN: All right. These are all great questions for clarity. Thank you. Seeing no other questions, thank you. We'll invite up our first proponent.

DAVID LEVY: Chairman von Gillern and members of the Revenue Committee, good afternoon. My name is David Levy. That's D-a-v-i-d L-e-v-y. I'm a partner and registered lobbyist at the Baird Holm law firm in Omaha and Lincoln. We represent most of the utility scale wind and solar developers active in Nebraska on permitting, regulatory leasing, and other legal matters. I'm testifying today in support of LB503. And before I say anything else, I want to give great gratitude to Senator Bosn for bringing this bill. One of our clients, on whose behalf I'm testifying today, is National Grid Renewables, a Minnesota farmer founded National Grid in 2004. The very foundation of their business is to put farmers and rural communities first. LB503 is about giving farmers and rural communities opportunities to attract investment and new property tax revenue through renewable energy development, which provides homegrown American secure energy for those communities and for our state's residents, businesses, and industries. At the same time, LB503 creates regulatory certainty and timing certainty that are fundamentally important in making investment decisions. Those decisions may be that an industry goes to Kansas or Iowa instead of Nebraska. That's not good for growing our economy or growing our tax base. LB503 protects Nebraskans' private property rights. The setbacks and other metrics in the bill protect nonparticipant property rights while also providing opportunities for landowners who want to put their land into a wind or solar project. LB503 promotes economic development, which benefits all Nebraskans by providing new and increased property tax revenue for the local and state economies. It also means hundreds of millions of dollars of investment brought to Nebraska communities and landowner payments, construction wages and

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 19, 2025

permanent wages. LB503 strengthens energy security by allowing in-state energy needs to be met by in-state resources. LB503 maintains local control by-- of development and permitting. The bill is completely voluntary for counties. If they want to participate, this provides an opportunity to do so. If they don't, they certainly don't have to. Or as was discussed, they can put it to a public vote. In sum, LB503 provides for reasonable health and safety protections for Nebraskans through zoning regulations while supporting job growth, prioritizing local labor, and ensuring Nebraska's energy needs are met with in-state resources to the greatest extent possible. It threads the needle among local control, regulatory certainty, and tax relief. It's a win-win for landowners, counties, school districts, other taxing entities, electricity consumers, and businesses who want to invest in Nebraska. With that, I'm happy to try and answer any questions that you may have.

von GILLERN: Thank you. Any questions from the committee? Senator Jacobson.

JACOBSON: I'm just kind of curious. Again, I've, I've always struggled with the economics on wind energy. And, and I'm just kind of referring to Warren Buffett's comments that without the tax subsidy, the wind doesn't work. So given what's going on in Washington, D.C. today, what-- I, I get worried about decommissioning costs and there's a lot of cement that goes in the ground to plant these things. How-- and these are private entities that are coming in and building them. I haven't looked enough at the bill, whether the decommissioning costs, how that's going to be handled, because as you look into the future, you know, it looks to me like ultimately small nuclear is going to play a big role. And, and, and if you look at, I guess, just the reliability of wind and the fact that you need a huge tax subsidy to make it work. Those seem to be issues that suggest this is not a long-term energy solution. And that concerns me that we would be planting these and then maybe not seeing them come down once they're obsolete. Is-- how is that going to work?

DAVID LEVY: Sure. Thank you. So one of the zoning regulations, one of the things counties do today in their zoning regulations is adopt-- include regulations for decommissioning. And without going into all the details, most importantly, I think to your question, tell me if I'm wrong, but is that they provide financial security to make sure a bond, a letter of credit, something like that, to make sure that if for some reason, very unlikely, but if for some reason at the end of the project's useful life, they're not around to decommission it, that there's money there for the county to decommission it without expense

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 19, 2025

to the taxpayers, and, and that amount of money is typically determined by a decommissioning plan that is prepared by a third-party licensed engineer. They provide an estimate of the decommissioning costs, and that security then matches that estimate. Most counties, and we recommend that counties do this, they require that estimate and that security to be updated every 5 years so that labor costs go up or down or whatever, it, it's an attempt to, to keep it current. So that whole scenario that I just outlined for decommissioning is one of the zoning regulations that is allowed for an energy friendly county to have.

JACOBSON: OK.

DAVID LEVY: So, right, it limits some of their discretion. But one of the things that it allows them to do is to have those decommissioning requirements. If a county doesn't adopt that, state law says that the Power Review Board does essentially the process I just outlined that the county does. The way this bill works in that regard is it refers to the Power Review Board standard and, and process so that you have a consistent process for decommissioning financial security, all of those things.

JACOBSON: Yeah, because I'm, I'm going to guess that the cost to decommission one 5 years ago would be a lot less than it would be today.

DAVID LEVY: I think so.

JACOBSON: So that's, that's--

DAVID LEVY: That's probably right. Yep.

JACOBSON: Yeah. Thank you.

DAVID LEVY: Yes, thank you.

von GILLERN: Other questions? Senator Kauth.

KAUTH: Thank you, Chair von Gillern. How involved in the development of the bill were you? Because I have a question, I don't know if you're the right person to ask.

DAVID LEVY: I was very involved in it.

KAUTH: OK. So I'm looking at the section that talks about the American Energy Friendly Counties Fund. So it's talking about, and, and Senator

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 19, 2025

Sorrentino had referenced it briefly, if the goal of this is to provide property tax relief, why are, why is-- and it doesn't say how much of the money is being diverted or creating a fund to help counties become American energy. Why is that? If this is, if this is such a good deal, why do we need to have a fund set up? And I'm concerned mostly because it says the fund shall consist of money transferred by the Legislature, which means at some point in time you guys are going to ask us for money, and then any gifts, grants or bequests from any source, including money remitted to the fund from other federal, state, public, and private sources. So I guess-- walk me through why it's necessary to have this fund?

DAVID LEVY: Sure. Thank you. And, and I would say, to start, I don't consider that provision an essential part of the bill. The idea, though, was that before a county would endeavor to-- a county board, elected county board would endeavor to propose and consider and adopt a resolution designating that county an American energy friendly county, they would want to do lots of research and hire consultants, attorneys, engineers, whomever it might be. And so the idea of the fund was to provide funding for counties who are always, you know, cash strapped to pay for those costs to investigate and do their due diligence to become or not become, to decide whether to try and become an American energy friendly county. So that was the idea, maybe a bridge too far, but that was the thinking.

KAUTH: To me, it seems like, again, if, if it's such a great idea, the county should be willing to do the research and investigation on their own.

DAVID LEVY: Sure.

KAUTH: Because this looks like we are trying, now all of a sudden the Legislature is involved in funding this when it, it-- if it works, it should just be property tax relief for those-- that county. So, OK, thank you very much for that.

DAVID LEVY: Yeah. Thank you.

von GILLERN: Other questions? I have one. On page 5 of the amendment, paragraph, I think it's paragraph 7(f) [SIC] says: The county shall impose no decommissioning requirements for privately developed renewable energy facilities, except that the county may require the submission of a decommissioning plan to the county board, obligating the private electric supplier of the facility to-- and then it lists

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 19, 2025

all the things that they would have to do. That's not what I heard your, your response to Senator Jacobson being.

DAVID LEVY: So, so that's the reference. If you, if you keep reading there, what it does is it refers them essentially to the, the Power Review Board process. Some-- the, the, the idea there is that a county would not adopt decommissioning regulations that were essentially prohibitive, require the developer to put \$100 million in a bank account or something like that. Right? What I described to Senator Jacobson is the typical practice, it's a good practice. That's the idea in the bill there, is that if a county wants to, it can adopt the, the decommissioning protocol and, and requirements that the Power Review Board would, would handle if the county otherwise didn't, under today's law, if the county didn't have decommissioning requirements in its zoning regulations.

von GILLERN: OK. I, I thought I heard Senator Jacobson--

DAVID LEVY: Maybe we need to make that clearer but that's--

von GILLERN: --ask you if the bill required decommissioning and you said, yes, it does and it clearly does not.

DAVID LEVY: It, it allows the counties. I, I misspoke.

von GILLERN: Thank you.

DAVID LEVY: It allows the counties to have decommissioning requirements consistent with what's in state law for the Power Review Board. If a county would choose not to do that, they could choose not to do that. I have not yet seen a county choose not to include that in their zoning regulations but I guess they could.

von GILLERN: I, I agree with you that they would be wise to do. I disagree that that was what the response to the question was, so.

DAVID LEVY: Thank, thank you for-- yeah.

von GILLERN: Thank you.

DAVID LEVY: Thank you for pointing that out.

von GILLERN: Senator Ibach.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 19, 2025

IBACH: Thank you very much. I was looking at the setback language and would this bill or this language nullify anything that a county already has in place for setbacks?

DAVID LEVY: It, it would in that if a county today had a-- let's say, a 1-mile setback, something greater than three times the turbine height, the county would have to amend that to become consistent with what's in this bill to become an American energy friendly county and to receive the additional tax revenue.

IBACH: OK. Thank you. That answers it.

DAVID LEVY: Thank you.

von GILLERN: Another question. I, I came up with another question. Give Senator Sorrentino a hard time. What is the average height of a, of a current-- of a wind turbine today?

DAVID LEVY: The average height of a wind turbine today is between, I would say 525 and 625 feet.

von GILLERN: OK. So-- and if I-- and I'm going off memory from what we were just discussing. Forgive me. I think it said a 3-- 3X setback--

DAVID LEVY: Right.

von GILLERN: --so that would be maybe 1,800 feet so--

DAVID LEVY: Right. Which is about 3/8 of a mile to--

von GILLERN: OK. All right.

DAVID LEVY: --to Senator Sorrentino's question about city blocks.

von GILLERN: All right. That, that, that's helpful to--

DAVID LEVY: You know, 3/8 of a mile is what, 4 or, 4 or 5 city blocks, something like that, I think.

von GILLERN: OK.

DAVID LEVY: Yeah.

von GILLERN: All right. That's helpful. Thank you. Seeing no other questions, thank you for your testimony.

DAVID LEVY: OK. Thank you all very much. Appreciate it.

von GILLERN: Next proponent.

AL DAVIS: I would normally wait a little while to do this, but I had another bill this afternoon so going to take advantage of it. Good afternoon, Senator von Gillern, members of the Revenue Committee. My name is Al Davis, A-l D-a-v-i-s, and I'm representing the Nebraska Chapter of the Sierra Club, which is made up of 3,300 individuals with an interest in sustainable agriculture, livable cities and towns, a passion for the environment, and a strong commitment to promoting sensible government policies which protect the vulnerable and build a foundation for a better future for the planet. Nebraska Chapter of the Sierra Club has been one of the leading advocates for the development of renewable energy in Nebraska because our membership recognizes the potential catastrophe-- catastrophic ramifications of global warming. Nebraska is not a stranger to wild weather, but there has been an increase in significant weather events recently, which those in the forecasting business have tied to the effects of a warming planet. We have been discouraged at the resistance to energy transformation demonstrated by many Nebraskans. The renewable development potential of our state is significant with top-drawer wind and the potential-- and solar potential. But the industry is often hamstrung by fierce opposition in many locations, which has paralyzed Nebraska's ability to build an industry which has so many benefits. The United States is in transition to a renewable future as long-term battery storage becomes a profitable probability. Nebraskans should recognize the massive demand for electricity in Nebraska is magnified by the demands in other state-- states, which lack the natural resources that this state possesses. Further, the development benefits part of the state, which has been left behind in economic development opportunities. We are extremely excited that Senator Bosn has brought LB503 with its spotlight on providing greater revenue to counties who participate in the energy friendly program. LB503 will increase the tax remitted to counties by 50%, and those dollars will help drive down property taxes in the recipient counties. We all know that property taxes loom large across every decision a senator makes. The bill contains reasonable rules and regulations for the developers and establishes a state-- a statewide standard for setbacks, noise regulations, etcetera. Many counties become bogged down in adopting those rules, imposing delays, provisions in zoning policy, disposal regulations, and other questions which discourage development but also contribute to bitterness in the county. LB503 lifts the responsibility for those rules and sets a clear direction for developers to move forward with their plans streamlining the process and ending the divisive zoning hearings which have torn apart many Nebraska communities and shut down worthy

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 19, 2025

projects based on flimsy fictional claims with no scientific basis. I do have one question. If an energy friendly county drops out of the designation but already has installations in place, which are paying the increased fee, is that fee then reduced to the tax paid in counties which are not in the program? Our dependence on coal and gas means that we are paying to educate children in states exporting the raw materials to us. Let's develop our own raw materials in let Nebraskans reap the benefits and pay to educate our own children. Senator Bosn's bill opens that door and should be prioritized by the committee. Thank you and I'll take any questions.

von GILLERN: Thank you for your testimony. Any questions from the committee members? Seeing none, thank you for being here today.

AL DAVIS: Thank you.

von GILLERN: Next proponent. Good afternoon.

KRISTEN HASSEBROOK: Good afternoon, Chairman von Gillern, members of the Revenue Committee. My name is Kristen Hassebrook, K-r-i-s-t-e-n H-a-s-s-e-b-r-o-o-k, here today as the registered lobbyist on behalf of the Nature Conservancy, who is in support of LB503. The Nature Conservancy supports innovative strategies to aid in the deployment of clean energy resources, especially when those strategies are deferential to the buy-in and engagement of community stakeholders as is done in-- sensibly in LB503. County residents concerned about ecosystem and wildlife habitat could under this legislation, we believe, also focus where the increase in nameplate capacity tax kick in for projects that are sighted in low-impact areas. Additional other considerations they could take up might include stipulating value add, such as soil conservation practices and vegetation management under the panels or wildlife friendly corridors. And the Nature Conservancy actually has a tool called Site Renewables Right, that I believe Katie Torpy, who was unable to be here today, emailed to all of you a link to access that GIS site that helps, that helps local entities kind of map and figure out, you know, where to properly site facilities with low-impact siting. I would note for you that in Nebraska, there is available 21 times the amount of land necessary to meet the Department of Energy's 2030 goal for wind production on lands in the state that are already disturbed with low predicted impact to wildlife. And there are similar opportunity for low-impact siting for solar development as well. I'd encourage you to spend some time playing around at that GIS website. It's quite informative. You can toggle back and forth between various concerns as well as wind and solar development. We applaud Senator Bosn for taking a community-centered approach to clean energy

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 19, 2025

expansion and would encourage the committee to advance LB503 out of committee. I'd be happy to attempt to answer any questions.

VON GILLERN: Any questions from the committee members? Seeing none, thank you for your testimony. Next proponent. Are there any other proponents for LB503? Seeing none, we'll invite up our first opponent testimony. Jump on up. Good afternoon.

DAVE BEGLEY: Good afternoon. Dave Begley, D-a-v-e B-e-g-l-e-y. I'm a lawyer in Omaha, but I'm also a special Knox County attorney, and I represent a group of Lancaster County solar opponents. But I'm here today on my own, own account. My friend David Levy claims or he said National Grid was founded by a farmer. Well, I'll tell you right now, it's owned by a public company in the UK called National Grid. And the other thing I'll tell you is all these wind and solar projects are about the federal income tax credits. That means everybody's paying and it's at least 30% for every single project. And I would tell the committee, I think you should stop using these Orwellian-bill titles and call this bill for what it is, it's the Asian Energy Full Employment Act or sweeten the payoff, payoff to the counties. Now, I've attended a lot of these public meetings in Lancaster, Cass, Knox, and Saunders County, and the large majority of people who live there, they are strongly against wind and solar, strongly against. And the other thing I would tell you is that Cass County on February 11 rejected a \$400 million, 265-megawatt solar facility and no amount of nameplate tax would have changed that board's mind. It was 4-0-1. Now, today I timely filed an appeal on the Lancaster County Board's approval of a large solar project near Hallam and, and that-- and, and this bill is aimed at Lancaster County. And I'll tell you, Senator Jacobson was exactly right. If this bill passes, Lancaster County will be a dumping ground for wind and solar, a dumping ground. The other thing I'll tell you is LES, OPPD, and NPPD have net zero policies. And I'll also tell you that if those policies are fully enacted, our electric rates will triple, triple in Nebraska, just like in Germany, Germany is four times. I see the batteries were struck. That's a giant risk. And the most important thing here, I want to tell you, as a matter of public policy, this committee needs to consider Adam Smith's "The Wealth of Nations." In that book, written in 1776, that Smith propounds each state or county or country, whatever, has a natural advantage. Our natural advantage in Nebraska is efficient food production. Texas and Oklahoma, not so much. So what happens is we produce food efficiently in Nebraska and we sell it to Texas and Oklahoma and they sell us oil and gas. Wyoming sells us coal. That's the way it should be. Not one acre of Nebraska prime farmland should

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 19, 2025

be devoted to wind and solar because it is really nutty. Thank you very much.

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

DAVE BEGLEY: Yeah. Anybody got questions?

VON GILLERN: Seeing none, thank you. Next opponent.

KATHY WILMOT: I've never tried to testify using this instead of a hard copy, but I was on my way down when I was studying this and realized that I really needed to speak up. Kathy Wilmot, K-a-t-h-y W-i-l-m-o-t, and I guess from listening to some people, I should be apologizing for the fact that my family's left me some sixth-generation land and I'm pretty proud of it and I try to take care of it. But this gives the county board two options. The board can either unilaterally draft a resolution and submit their county to this, or they can ask the voters what they think. And there is a carrot. As long as the privately developed renewable energy generation facility is in operation, then they pay that 1.5 times nameplate capacity tax. So I guess that's supposed to be really good. But no matter the route a county may choose, that's where any independence actually ends. Counties are stripped of the ability to require setbacks other than those that are given to them by LB503. But they can be waived by a landowner who has given a written waiver. So really the setback can change. Counties cannot impose height limits. They cannot require buffers or regulate the visibilities of facilities, with one exception with a solar energy system that has a street or road view, then they can ask for some kind of screening, but that has to be economically practicable according to the system owner. Another limit, if a county has, has impacted a neighboring landowner, again, with that screening, if there is a waiver by another landowner, the county is out. The energy facilities are given somewhat of an out on the buffers. But it further stipulates a county cannot impose any decommissioning requirements beyond those currently in statute. Now we're in a little bit of a disadvantage because, as public, we didn't know there was another amendment. So some of this wording may have changed a little bit. There's another carrot that's offered if you do this, and that is that money that's collected to kind of help these counties evidently revise their regulations so that they can form. So you get two carrots. It's the people, the county. But what's the price? You forfeit that ability to make your own decisions with your own zoning rules. You surrender that landscape that you've been proud of, that you've maybe put out for tourism and things and that view that you've cherished, that your family has cherished, I mean, heck, what kind of price is that? But,

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 19, 2025

again, my, my family's been blessed with a, with a homestead that was left to us. They took care of it all of these years. And we've been proud of that in western Nebraska especially. And I would encourage you to kill this bill. There's a lot more behind this. And, in fact, some of these individuals that have spoken in, in favor of this, they are very much also in favor of the 20-- or excuse me, 30/30 program that was going to take 30% of our land and water. They're also supporters of things like the 20/50 goals to take 50% of our land and water. So I have a real question exactly what they support? Thank you.

von GILLERN: Thank you. Questions from the committee members? Seeing none, I just want to say you live in a beautiful part of the state. I love, love the area where you are.

KATHY WILMOT: Yes, we do. We love it.

von GILLERN: Thank you,--

KATHY WILMOT: Thank you.

von GILLERN: --Ms. Wilmot. Thanks for being here. Next opponent testimony. Good afternoon.

BRAD UNDERWOOD: Good afternoon, Chairman von Gillern and members of the committee. My name is Brad Underwood, B-r-a-d U-n-d-e-r-w-o-o-d. And by way of introduction, I'm the vice president of what we call systems transformation at the Omaha Public Power District. My accountabilities are generally system planning policy with the Southwest Power Pool and generation procurement. I'm also here on behalf of the Nebraska Power Association to testify in opposition to this, which is a, a consortium of the largest public power organizations in the state of Nebraska. Many of you know that OPPD is located in eastern Nebraska, serves a peak load of about 2,800 megawatts, approximately 900,000 people. OPPD is especially opposed to the, to the provision that designates electric energy storage resource or battery storage as a renewable generation. To be clear, battery storage should not be considered a privately developed renewable energy generation for purposes of Chapter 70 and should not be exempt from the application and approval process required by the Nebraska Power Review Board or PRB, as this bill aims to do. Storage devices don't generate electricity, they charge and they discharge. The California private, private organization behind the battery storage developers are also promoting a complementary bill, LB349, that would amend several sections of Nebraska's Chapter 70 to add battery storage as a recognized form of renewable energy, making it exempt from the

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 19, 2025

PRB process. The private developer intends to build up to 800 megawatts of battery facilities drawing power off OPPD's system and doesn't want to be subject to Power Review Board oversight. So it introduced LB349 to achieve the goal. LB349's goal is to completely circumvent PRB authority relative to commercial battery installations in the state, which would be a burden to public power entities. For the, for the past 5 years, Nebraska has been ranked as the second most reliable state in the U.S. OPPD is committed to doing its part to ensure this level of reliability continues in the state and undertook a thoughtful resource planning effort to ensure the utility would be able to adequately serve its demand today and into the future. The sheer magnitude of the needed new generation is enormous. OPPD will add approximately 900 megawatts of natural gas turbines by 2032 and is commissioning 600 megawatts of natural gas as we speak today in subzero temperatures for a total of 1.5 gigawatts of natural gas. Private stand-alone battery projects speculate for profit, they don't serve the public need, and could potentially require public power utilities like OPPD to meet heightened generation planning reserve margin if the resources are considered load. If they're not considered load, they don't have a system impact study with Southwest Power Pool, which creates immediate reliability concerns.

von GILLERN: Thank you for your testimony. Senator Jacobson.

JACOBSON: Did you have more you wanted to say?

BRAD UNDERWOOD: I, I did, sir.

JACOBSON: I got another question to follow up, but I'll let you finish what you wanted to say.

BRAD UNDERWOOD: I'll try to be brief. Thank you very much. For instance, currently in SPP, the generation interconnection queue, there's 1,900 megawatts of private storage that want to come on in the state of Nebraska by 2030. OPPD alone is facing 811 of these megawatts, which I stated earlier. I also stated our load is 20-- 2,810 megawatts, so the storage volume is 29% of our peak load. These projects could redisk-- could risk reliability and resource adequacy in addition to the profits that are harvested by third-party storage developers and shipped out of the state. And I'll, I'll end there, sir. Thank you very much.

JACOBSON: I guess my question is, is I'd like to follow up a little bit on the battery storage. And I'm assuming like other technologies, it's getting better and better. So as we start looking at all

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 19, 2025

renewables, is there-- and as we even start looking at managing off-peak loads, is battery storage something that can factor into that for off-peak loads? I mean, I, I get what your concerns are with battery is, let's, let's buy, let's buy from NPPD in off-peak season and then sell it back on peak seasons. It'd be a pretty good arbitrage. But is there a, a useful piece of battery storage to, to be able and, and how long could you store this and, and, and would there be, be a useful place for it within the public power system?

BRAD UNDERWOOD: Yeah. Thank you for the articulate question. I think one thing that is noticeable about the bill is how large it is. It covers a number of different subjects. It changes definitions. It talks about how counties could treat planning and zoning. And so that's what makes the bill difficult. But to answer your question, sir, there is a role for these assets and in the right system location with the right problem, these assets can be helpful. What this bill doesn't do is it doesn't allow the benefits of deploying the bill to go back to Nebraska customers. It goes somewhere else.

JACOBSON: Yeah, and I get that part. And, and I, I don't disagree with you. I was more concerned about really the-- and, and maybe I'm just working on rented time here, but is there the utilities of battery itself and how much that's being factored into our some of the energy imbalances that are out there today.

BRAD UNDERWOOD: Sure. They certainly play a role.

JACOBSON: OK. Thank you.

BRAD UNDERWOOD: Sorry, sir.

JACOBSON: I may be talking to you more about this offline.

von GILLERN: Thank you.

BRAD UNDERWOOD: Very good.

von GILLERN: Other questions? Again, just for clarity. No bad on anybody because the amendment was just handed out. But you are aware that the battery section was taken-- it's taken out of the bill via the amendment?

BRAD UNDERWOOD: Yes, sir. We heard some fresh conversation on that. We'd like to see the amendment.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 19, 2025

von GILLERN: OK. Yeah, and I-- and that's fair. That's fair. You talked about the new units coming online for natural gas. How many megawatts of coal has been decommissioned or is in process being decommissioned by OPPD?

BRAD UNDERWOOD: Yes, sir. Thank you. So primarily the coal that's changing is at our north Omaha facility. Just for context, there's five generators there. The first three have already refueled from coal to natural gas. Those units were commissioned in the '50s. And so one of the things we do in the Nebraska Power Association annual report is we publish the age of the generation in the state. So those units are old and you can take care of units and, and you can extend life [INAUDIBLE].

von GILLERN: I understand. I'm just looking for the megawatts.

BRAD UNDERWOOD: Thank you, sir. So that would be 300 or, or 300 if-- or 200 would be the first three units. The other two units are on coal and the plan is to transition them to natural gas. Those would be 200 megawatts. So the facility in total is 500.

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

BRAD UNDERWOOD: Thank you.

von GILLERN: Next opponent. Good afternoon.

ELIZABETH SHOTKOSKI FERNEDING: Thank you, Chairman, and everyone on the board. I'm Elizabeth, E-l-i-z-a-b-e-t-h, Shotkoski Ferneding, S-h-o-t-k-o-s-k-i F-e-r-n-e-d-i-n-g, and I'm a registered environmental health sanitarian. My biggest issue with this entire bill is the housing of their asking for 50 dBAs. That is a public health travesty. The World Health Organization, you can look them up, recommend 40 dBA during the day, 38 dBA in the evenings. We've got little children living out in the country and they're, they're-- not only are we dealing with sound, you're dealing with infrasound, which is not registerable. That is the affects that it has on the human body dealing with your heart. A little bit of everything. You can't sleep. You've got tinnitus. It's, it's a, it's a well-documented medical issue. And this bill does not address that at all. And by starting out at 50 dBA, there-- in, in my mind, that's the, the biggest grievous issue with this entire bill is the, the decibels of sound.

von GILLERN: Thank you.

ELIZABETH SHOTKOSKI FERNEDING: Now, decommissioning is my, my real bailiwick and I was appalled by the decommissioning. And I applaud you for asking the questions on decommissioning because once we have these things, first of all, the, the plastic particles that come off of the wings that get in the hey, you can't feed that to cattle, gets in the corn, you can't feed that to cattle, can't feed that to people. We're putting these in corn fields in Iowa and in Nebraska and they've exploded. What do we do? We're not cleaning up the land. We've got agricultural land in Iowa that has been vacant for over 2 years. No one will clean it up. Now, granted, they should have had a good decommissioning plan, which involves an act of God clause because who knows what happened to those towers. But we have to clean them up. We're destroying beautiful agricultural land to put a wind turbine up that our potus doesn't even like. And they're 30%, at best, effective. Would any of us buy a car that will only start 30% of the time? We just have to be-- we have to use common sense about this. Now, the future is definitely coming. You've got hydrogen power, you've got fusion, you've got nuclear. They're all coming. Why should Nebraska be the last to the table on this wind when we know that right now all they want is the subsidy dollars that they are getting?

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

KAUTH: Thank you, Chair von Gillern. And I'm not sure if you're the right person to ask about this, but I had someone email me saying that they can't spray close to the top because the wind just blows it away. Can you give me a little bit more information about that?

ELIZABETH SHOTKOSKI FERNEDING: If you're talking aerial spraying for agriculture, the problem is it takes a plane about a mile and a half to make a turn. And if those turbines are too close, you cannot aerial spray. Now, there are some helicopters that can do it.

KAUTH: Is that a significantly higher cost?

ELIZABETH SHOTKOSKI FERNEDING: It's a higher cost. And the death rate of pilots, if you look at that across the nation that has happened right now, it's amazing how many of these poor young men have died trying to spray these fields.

KAUTH: Thank you very much.

von GILLERN: Thank you.

ELIZABETH SHOTKOSKI FERNEDING: Thank you.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 19, 2025

von GILLERN: Seeing no other questions, thank you. Next opponent testimony.

WES WILMOT: Good afternoon, Senators.

von GILLERN: Good afternoon.

WES WILMOT: Sorry, also, I don't have any papers for you because we were working on it on the way. My name is Wes Wilmot, W-e-s W-i-l-m-o-t, and I'm here to speak in opposition to LB503. Somebody already used my carrot analogy, but this bill is a proverbial carrot in front of the horse promising untold revenue to the county and reducing taxes for the property owner. And I'm pretty sure more revenue does not always mean tax reduction. I think it means more spending a lot of the times. Also, one thing that I thought of they don't have in here, what are we going to do about transmitting this power? You're going to have to have right-of-ways for high-tension power lines. You know, you can't just get it to the grid by magic. So and that's not been addressed at all. Also, this is green energy dream come true. The green energy companies will be provided carte blanche access to build their facilities and only governed by the regulations, what they have written, that the county must adopt. And they they've also set the price of what they're willing to pay for this privilege. Also, county governing board has the discretion to either take this to the voters or make the decision themselves. That is true. There are several phrases in this bill that seem harmless until looked at closely. Some of these are-- and these are quotes from the bill in, in order of appearance. The first one talks about storage. Now I know I guess we've gotten rid of batteries or whatever, but you've got to store this if this is going to be an efficient source. And I'm sure we've all seen the footage of the Tesla on fire that they can't put out. Now, take that times 1,000 because these battery installations are going to cover hundreds of acres of these huge installations. And I'm not sure the setback is far enough away if there is a fire that can't be put out for weeks and covering hundreds of acres burning right across the street. I'm not sure that's going to work. Also, there are some words in there-- let's see, it says: to qualify, the county regulations will be changed to exactly match what's in this bill. Their regulations are out the window. You write your regulations like this or you don't get qualified. And also it says: the county shall permit privately developed renewable energy generation facilities-- and here is the key-- by right. This isn't a priv-- this isn't a decision. This is their right. If they, if they qualify, you all but cross all their T's, dot all their I's, the county has to give them this privilege no matter what. And, also, a little further down

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 19, 2025

to the same point, it says: the approval of which shall be ministerial and not discretionary. That means all they've got to do is look over the application, make sure it's correct. They have no discretion other than that. Thank you.

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

WES WILMOT: Um-hum.

von GILLERN: Next opponent. Good afternoon.

JON CANNON: Good afternoon, Chair von Gillern, distinguished members of the Revenue Committee. My name is Jon Cannon, J-o-n C-a-n-n-o-n. I'm the executive director of NACO, here to testify in conditional, respectful, respectful opposition to LB503. Appreciate the time that Senator Bosn has worked on this. She was more than generous and gracious with her time in visiting with me about the concerns that NACO has. As the counties, we are, we are conditionally opposed for a few reasons, and, and I'll go through, through those here real quick. First, this, this is at heart of planning and zoning bill. I mean, it's, it's, it's really about, you know, what the standards should be, what the setbacks should be. The committee that typically has subject-matter governance over planning and zoning is, is going to be government. Don't begrudge the Revenue Committee, I, I love testifying. You guys is my favorite committee. But it, it does seem to me that, that perhaps the subject-matter expertise of government is, is where a bill like this should be, but that's water over the dam. That ship has sailed. We do appreciate that it's an opt-in. It does preserve a measure of local control. However, there's enough in there that, that gives us a little bit of heartburn and concern. As Mr. Wilmot had mentioned in the, in the testimony immediately prior to mine, we are concerned with the "by right" language in Section 1(7)(a). Boards across the state value the republican input. They may not always be thrilled when they get the input, but they value that all the same because it's, it's a vital part of the process that we have as far as the standards that we have for, you know, how we live amongst each other with our neighbors and our friends. You know, our opinion, this is something that should only be granted after you have a properly noticed public hearing. That's pretty much standard, I think LB399 has something very, very similar from, from last year has something very, very similar to that. We would also prefer that opting in is only by a vote of the people. Again, the, the public input is so very crucially important to this entire process that, that we think it's, it's-- you know, leaving it up to as a decision of solely of the

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 19, 2025

county board versus putting it to a vote of the people is probably, in a planning and zoning context, not the direction that we would want to go. You know, amending in this-- in the bill in this way could move us to, could move us to a neutral position. We'd still want to-- and, and there's going to be more conversation as to what exactly the standard should be. We'd have-- we would still have concerns about what the setback should be. Again, not something I wanted to bring up to this committee. We'd have concern about the decibels and, and those sorts of things. Again, not something that typically I would raise in front of the Revenue Committee. Anyway, with that, I'm happy to take any questions you may have.

VON GILLERN: Thank you. Questions? Senator Murman.

MURMAN: Yes, thanks for testifying. You mentioned setbacks, it was earlier mentioned setbacks in this bill, 3/8 of a mile. What are the typical setbacks in a lot of counties?

JON CANNON: It's, it's going to vary from county to county. I think in Clay County you're going to see it's a little bit different than in Jefferson. It's going to be a little bit different than in Lancaster. That's generally something that's kind of-- I mean, there, there are some, some minimum setbacks and I think Senator Bosn ably spoke to those that, you know, a lot of counties do have many of these things as, as minimums, but not all of them. And it depends on the intensity of the use. It depends on how close you are to a populated area. There's, there's just a lot of stuff that goes into that mix of, of what the setback should be.

MURMAN: But they're typically greater than 3/8 of a mile.

JON CANNON: I, I believe that's true, sir.

MURMAN: Thank you.

JON CANNON: Yes, sir.

VON GILLERN: Senator Jacobson.

JACOBSON: Thank you, Chairman von Gillern. So, Mr. Cannon, I, I wanted to get back a little bit to the Lancaster County case. So commissioners are-- how are they allocated? I know in Lincoln County you've got your districts or wards or however they're split up. And I think that maybe is by geography. How does that work in Lancaster County, for example?

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 19, 2025

JON CANNON: Yeah-- I mean, there's, there's a, a certain amount of line drawing that has to go into each commissioner's district. It has to be, you know, roughly apportioned by population, much like a legislative district is.

JACOBSON: So Lincoln, the city of Lincoln pretty much controls the Lancaster County Board.

JON CANNON: It would be very difficult for me to argue that, sir. Yes, sir.

JACOBSON: OK. That's kind of what I thought, which seems kind of when you start looking at voting, even voting by the people, it seems that the people that should-- that could be affected by are the ones who probably ought to be voting. But I could make that argument on a lot of votes that occur. Bond issues, for example, would be another one that if only landowners voted, you'd probably have fewer bond issues passing. But, yeah, I-- that's, that's probably my biggest piece of this that's a problem in terms-- I mean, there's a lot pieces that I have concerns about the bill, but this one particular when I look at Lancaster County, I look at the amount of opposition from people that are located in the county. And then, and then I look at who would be voting to approve this, and that seems disproportionate. So I, I appreciate you confirming for me that-- how that really works out here in Lancaster County.

JON CANNON: Yes, sir.

JACOBSON: Thank you.

JON CANNON: Yes, sir.

von GILLERN: Thank you. Any other questions? Seeing none, thank you, Mr. Cannon.

JON CANNON: Thank you very much.

von GILLERN: Next opponent testimony. Go ahead, move on up to the front and you're ready to go for the next time.

SANDY HERMESCH: My name is Sandy Hermes, S-a-n-d-y H-e-r-m-e-s-c-h. I'm here-- if you approve LB503, it would take away the right of our citizens to due process. The people who live and vote in these communities that are having these solar structures built in their backyards should have a say about the companies who build them and where they are placed. We are currently fighting the approval of

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 19, 2025

special permit number 24036 in Lancaster County. This project will take 2,442 acres of highly productive, fertile, and mostly irrigated farmland and convert it to an industrial solar complex. There will also be 100 20x10x9 feet lithium iron batteries within 300 feet of nonparticipating homes, 100. We all know the potential for fires with these batteries. We feel that the safety of families should take top priority when deciding on these setbacks. If you pass LB503, our county can become an American energy friendly county without our consent. It would take away local input and control. I would also take-- like to take a minute to talk about your decommissioning. Who will be providing the oversight? Who will question the estimate figures and why no surety bond for 6 years. In Lancaster, the one we're fighting, they have 15 years to come up with a surety bond. When looking at Panama Energy Center's decommissioning plan, I felt something was way off. NextEra claimed a salvage value for their solar panels of \$76 million. I contacted the facility manager of Cleanlites Recycling in Minnesota who NextEra assumed they were going to use, they stated these solar panels have no salvage value. In fact, it would cost approximately \$35 million to recycle these panels. That's a difference of \$111 million. That's a huge discrepancy. To double check my facts, I contacted several of the recycling agencies and companies and found the average cost to decommission a solar site is about \$365,000 a megawatt for ground-mounted systems. So to decommission a 304-megawatt facility similar to the one-- the Panama Energy is building, it would cost \$111,872,000. This solar company is getting by without a surety bond by stating these solar facilities have a huge salvage value when, in fact, there are huge costs to decommission them. NextEra's attorney basically admitted--

von GILLERN: Could you please wrap up your testimony, please?

SANDY HERMESCH: --the salvage value-- pardon?

von GILLERN: Could you please wrap up your testimony, please? You're out of time.

SANDY HERMESCH: I'll quit. The attorney basically admitted the salvage value was incorrect by stating the figures were not updated. With no local oversight, I feel the huge out-of-state companies will say or do whatever it takes to make their money. Someone needs to hold them accountable.

von GILLERN: Thank you. Any questions? Seeing none-- oh, Senator Jacobson.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 19, 2025

JACOBSON: Yeah, I've got just a quick question. So I want to make sure I understand you right. You're telling me that there was no surety bond required before construction began?

SANDY HERMESCH: 15 years.

JACOBSON: At 15 years?

SANDY HERMESCH: 15 years in the one thing.

JACOBSON: Well, that may be past the time you actually need it. I mean,--

SANDY HERMESCH: Right.

JACOBSON: --to where-- OK. I just want to make sure you understood--

SANDY HERMESCH: Exactly.

JACOBSON: --that. Thank you.

von GILLERN: Thank you. Other questions? Seeing none, thank you for your testimony. Next opponent. Good afternoon.

GREGORY KRATZ: Good afternoon, Chairman, members of the committee. My name is Gregory Kratz, K-r-a-t-z. I'm an attorney from Fairbury, Nebraska, in Jefferson County. I've been involved in revising when zoning regulations in both-- numerous counties in Nebraska and Kansas. The problems with LB503 are extensive. First of all, it allows the county, a county board to apply for this designation requiring the change of regulations without a vote of the people. And even if it were to go to a vote, the resolution shall state that the question, as shall the county of blank apply for an American energy friendly county designation? This question says nothing about the necessity to do away with zoning regulations that conflict with those requirements as set forth in this bill. It does not say anything about giving up the requirements for a special use permit, variance, or anything like that. It does not inform the voters that if approved, it allows for a new wind turbine to be approved with no discretion and no ability for neighboring property owners to voice any sort of opinion. It requires a rubber stamp of approval. Now, this bill is a wild deviation from the standard special use permit and variance processes. It's simply bad legislation. The other zoning regulations in-- and-- in counties must comply within this bill are absurd. There have been a lot of counties within the last 5 years that have revised their zoning regulations regarding commercial wind energy, energy development, and

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 19, 2025

every single one of those counties has adopted measures significantly in excess of what has been proposed here in this bill. The setbacks I've seen are generally over a mile. There are a lot, much more restrictive noise regulations, height restrictions, shadow flicker regulations, and the like. None of that of which is in this bill. The current state statute regarding decommissioning only requires a single bond posted after 6 years. There's no increase in the bond for inflation, and when leases can extend out to 80 years or more and by-- and a decommissioning plan in year 6 would be woefully insecure to, to secure decommissioning in years 20, 30 or 40 down the road. This bill is essentially a special interest group's dream scenario and attempts to bypass the democratic process of applying for special use permits and silences the voices of the people who have to live with these structures on a daily basis. This bill is simply not something that the legislation should be taking up just to please some special interest groups with deep pockets. Leave county zoning regulations up to the counties and continue to allow people and neighboring landowners the right to be heard through the special use permit and variance process. I ask that what you do is you do not allow this bill to advance out of committee. Thank you.

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

JACOBSON: Well, just one. I'm, I'm kind of hung up on this surety bond thing. I'm, I'm a banker, and I, I found that if I loan money before I take the collateral, I'm probably not going to get my money back. Just a basic concept here. I've always found get the collateral first. So I'm, I'm just blown away by the fact that there's not a requirement for a surety bond on the estimate for decommissioning before construction begins. And, and so am I interpreting this right?

GREGORY KRATZ: No, Senator Jacobson, I think you're exactly right. And, and the problem with that is that you have-- you know, you go with this 6-year period where no, no surety bond is posted. And-- but in addition to that, there also isn't in the-- under the state statute, there isn't any increase for inflation. And these are long leases. I mean, they can have these up and repower them and regenerate them for 80 years a lot of these leases. That's a problem.

JACOBSON: Well, I, I appreciate that. That answers my question.

GREGORY KRATZ: Perfect. Sure.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 19, 2025

JACOBSON: I know there's a lot of testifiers left and I'm going to get-- I'm going to annoy the committee in a little bit if I keep asking people questions.

GREGORY KRATZ: Very well.

JACOBSON: Maybe I already have, but, but I just was curious. Thank you.

von GILLERN: Thank you. Any other questions? Seeing none, thank you.

GREGORY KRATZ: Thank you.

von GILLERN: Next opponent. How many other testifiers are there today on LB503? OK. Thank you. Again, you're all welcome to testify. If you believe that your testimony has already been stated, feel free to sign the yellow sheet in the back of the room. Welcome. Good afternoon.

CINDY OLDEMEYER: Good afternoon, Revenue Committee. My name is Cindy Oldemeyer, C-i-n-d-y O-l-d-e-m-e-y-e-r. I am testifying against the proposed LB503. Under LB503, each county has the opportunity to designate their intention as to whether or not to be an energy friendly county and the steps proposed and the ramifications after the designation. Our family is a fifth-generation Nebraska homestead family, located in southwest Lancaster County, who recently discussed issues with the proposed 2,432 acre solar development in southwest Lancaster County. Although LB503 provides instruction on how each county can submit questions on county designations and explain the calculations of the nameplate tax, I am opposed to this bill and I'm asking for your rejection of this bill for a deeper underlying reason. According to the Department of Agriculture, Nebraska Ag Facts, 1 in 4 jobs in Nebraska are related to agriculture. In 2023, Nebraska's top ranking in beef and veal export. And in 2022, facts showed we topped in rank in harvest crop acres and irrigated. These two facts show the economic impact Nebraska has, but we are slowly reducing the farm and ranchland by 263 acres a day. In 25 years, our land base in Nebraska has been reduced by 2.4 million acres. That's 96,000 acres a year, 263 acres a day. So think of Memorial Stadium, 199 of them every day, Nebraska agricultural land is being reduced. This is hard to imagine, but it takes a little by little in different areas of the state. Providing counties the ability to designate the choice between renewable energy friendly counties, create opportunity for energy companies to further develop more easily with the proven decrease in farm ground in Nebraska and the ease energy companies have had in Lancaster County to procure those services. Can we risk continuing to

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 19, 2025

decrease farmland composition [SIC] by 25%-- since 25% of the jobs in Nebraska are tied to agriculture? Can we do that? Are you comfortable doing that? I am pleading to reject this bill. There are very few places in the world where the ground is as rich enough to cultivate enough food to feed the world. I am so sorry. Mountains, forests, everglades, beaches, they all have ground but its fertile soil makeup that falls short to produce enough food for our nation. It's not replaceable. Are we willing to do that?

von GILLERN: Thank you for your testimony. Questions from the committee members? You should publish that.

CINDY OLDEMEYER: Yeah.

von GILLERN: Thank you for being here today.

CINDY OLDEMEYER: Sure.

von GILLERN: Next opponent. Good afternoon.

JUDY DAUGHERTY: Afternoon. My name is Judy Daugherty, D-a-u-g-h-e-r-t-y, and I live at 1333 West Gage Road in Hallam, Nebraska. I'm mad. I'm mad as hell. LB503 is an atrocity to the good people of Nebraska. It's a complete hustle. The people of Lancaster and Gage Counties, including myself, have been fighting wind and solar projects since 2013. That's 12 years. If this bill is passed, we lose our rights in the decision-making of what happens in our own counties. This bill was obviously created to benefit the wind and solar companies. I wouldn't be surprised at all if this bill wasn't written by David Levy himself, the lawyer for NextEra, which he admitted to. The biggest issues we have found-- fought over are setbacks and noise. Recently, we fought over screening of solar panels from homes. It's kind of funny that every reg that NextEra fought us over is in this bill. They're asking for complete carte blanche on all of those regs. Go figure. It's completely obvious they are tired of fighting us and are trying to make a last ditch effort by going over the county heads and then taking it to the state level. Example, it says they want the counties to not have setbacks except for maybe one of three times the turbine height. Do you know what that means? A 300-foot turbine, the setback would be 900 foot. I have a manual for a 300-foot Vestas wind turbine. The manual says the hard hat zone is 1,300 feet. In 2013, I had 12 turbines proposed within 1 mile of my 3-acre home, one being sited 800 feet from my front door. That would mean I would have to wear a hard hat the minute I left my door. You see how absurd these regs are. The list of reg changes just goes on and on. They don't want

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 19, 2025

any noise regulations, no height limitations, no buffers, no screening. The list of reg changes is quite literally a wet dream for wind and solar companies. Come on. This bill would eliminate the need for special use permit. The intent of creating a special use is in part to take into consideration the surrounding community and characteristics, it's to prevent any adverse or impact on those existing uses. A large scale turbine project changes the character of an area to what would-- I would term an industrial overlay as opposed to existing agricultural and rural residential character. This bill would take away our right to fight. That's completely un-American. I urge you to see what this bill truly is. It's a front for companies like NextEra to do whatever they want while the people would be left helpless to fight them. I urge you to vote no on LB503.

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

JUDY DAUGHERTY: Thanks.

von GILLERN: Next opponent. Good afternoon.

TODD FANGMEIER: Good afternoon, Revenue Committee. My name is Todd Fangmeier, T-o-d-d F-a-n-g-m-e-i-e-r. I'm a resident of Thayer County, Nebraska, District 32. I-- we are-- Thayer County is in the process of updating our regulations as per our county consultant and the commissioners are within weeks of making a final designation on what our regulations are going to be. I commend the senator on making this bill about property tax relief, because as residents of Nebraska, we feel the pains of that. However, I feel that tacking on the additional regulations as they pertain to the wind energy production systems is not in good faith to the residents of Nebraska. There's better ways to make this bill pass without tacking on those restrictions. This bill, even though it will not directly impose the very lenient regulations that it suggests, it could take away those discussions between residents and the county leaders, just as this public hearing provides us with today. All the issues related to the construction removal become implemented at the discretion of the proposed wind company, and they take away all of the public input on permitting noise setbacks and the decommissioning responsibility. I was allowed to be a part of the planning and zoning committee, even though I'm not appointed to that. They designated three people from the opposition to come in and give testimony to help them make their decision. I helped submit over 400 research papers to the planning and zoning committee. All of these reports are searchable. They could find them back. They are most of them are peer reviewed and they are defendable in court. So we used

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 19, 2025

those papers to help build our list of what we felt was regulations that would ensure the health, safety, and welfare of our county residents. In turn, we were told by the proponents of the project that there is probably a, a report in support for everyone that we proposed in opposition. So when they talked about 1.1 times in tower height for their regulations, those are industry standards set by the industry and not by any reviewed panel. I appreciate the questions of Senator Sorrentino and Senator Jacobson. I have some other information for you on those questions if you would like to please ask me about setbacks and decommissioning.

von GILLERN: OK. We're [INAUDIBLE] time, so thank you for your testimony. Any questions from the committee members? Maybe they, maybe they would like to follow up with you later, so thank you for your testimony.

TODD FANGMEIER: OK. Thank you.

von GILLERN: Next opponent testimony. Recognize this guy.

JACOBSON: He's in the wrong committee.

BRUCE BOSTELMAN: Different sitting on this side of the table.

von GILLERN: Yeah. Good afternoon, Senator.

BRUCE BOSTELMAN: Good afternoon, Chairman von Gillern and the Revenue Committee members. My name is, my name is Bruce Bostelman, B-r-u-c-e B-o-s-t-e-l-m-a-n. And I agree with others who oppose this bill and will not reiterate in any of their positions. I will speak to the serious and what I feel is unprecedented action this bill is proposing to take. The past 8 years, I served as a vice chair or chair of the Natural Resources Committee. This bill will strike at least 10 years of legislation by both the Natural Resources Committee and the Government, Military Affairs Committee [SIC]. This is a very deep and broad bill that encompasses significant changes in the jurisdiction of these two committees. What concerns me the most, and I do not care which side of the renewable generation discussion you're on, it doesn't matter, what concerns me the most is the state taking action to withhold or strike county authority. And I would further say the Power Review, Review Board and even the public power involvement. This unprecedented move is to remove all statutory authority and pertaining, pertaining to regulation, setbacks, bonding, decommissioning, public disclosure, discussion, and more. Page 4, line 6 and following. You'll find it there. A chilling effect of taking

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 19, 2025

away the authority from elected officials and allowing unknown private and foreign companies to design, build, and operate renewable facilities with no oversight or public involvement. This bill removes existing and future oversight, safety, and regulatory measures with regard to wind, solar, geothermal, biomass, landfill gas, bio gas, and batteries. This is a dangerous precedent to set and policy to make. What we will see next is a company come into the Legislature with a bill to withhold the Fire Marshal's authority. Let's just trust the builder. They know the best on how to build and design public safety. I don't think so. And this should not be the case here either. Our livestock friendly counties do not give up their authority, they can, they can deny or approve permits, set their own regulations, and conduct inspections. They must follow county, state and federal regulations and laws. This bill will even restrict future power upgrades to generation and existing renewable facilities. It will remove already established setbacks and guidance that elected county officials have put in place. A chilling message to their and your constituents. Let's just trust the builder, the operator. Finally, what about stranded assets, grid stability, cost of new transmission lines and more? This is unprecedented and very unsettling to take such significant action, holding or removing authority-- withholding or removing authority from counties, local officials, and the people. The process exists. Renewables are being built in the state and we do not need this bill. This bill crosses signifi-- significant jurisdictional authority and I would ask that you do not move the bill to the floor. I would also like to thank Senator Bosn for her desire to reduce property taxes. Her desire to raise nameplate capacity tax, which I think all of the companies that have one plate-- or nameplate capacity tax has actually come in and opposed that type of thing, saying it's unsustainable for them, so. Thank you for your time.

von GILLERN: I've always wanted to tell you you're out of time but it took me 2 years--

BRUCE BOSTELMAN: There's a red light?

von GILLERN: --took me 2 years to get here. Thanks for your testimony. Questions from the committee members? Clearly, you've given us a lot of thought and homework. Thanks for being here today. It's good to see you.

BRUCE BOSTELMAN: You too. Thank you.

von GILLERN: Next opponent.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 19, 2025

DENNIS HERMESCH: Before I start my-- before you start the time clock, can I ask for a clarification or possibly pointing out the misrepretis-- misrepresentation--

von GILLERN: No, you may not.

DENNIS HERMESCH: --by Karen [SIC]--

von GILLERN: No, you may not. Please--

DENNIS HERMESCH: --on the bill?

von GILLERN: No, if you may-- if you would like to testify, you may sit and testify.

DENNIS HERMESCH: All right. I'm going to read this to you. On the bottom of page 4--

von GILLERN: Will you please sit? Take a seat.

DENNIS HERMESCH: My name is Dennis Hermes, D-e-n-n-i-s
H-e-r-m-e-s-c-h.

von GILLERN: Thank you.

DENNIS HERMESCH: On the bottom of page 4 of this bill, I'm going to read it to you: The county shall not require sound from privately developed renewable energy generation facilities to be quieter at any time than the 50 decibels for a 10-minute average. I never-- I listened very closely-- I never heard Karen measure the 10 minute-- say anything about the 10-minute average. She talked about the 50 decibel max. So 10-minute average, what does that mean? Well, if you take 1 minute out of that 10 minute and if you take 6 seconds out of 1 minute, that's 100th of a time. So for 6 seconds, the sound could be 100 times louder as long as it was 35 decibels for the rest of the 9 minutes and 50 seconds. I propose to do exactly what Karen said, strike the 10-minute average and limit it to 50 decibels, because that's the limit that we should have according to the environmental person who testified and everybody else.

von GILLERN: Is that your testimony?

DENNIS HERMESCH: No.

von GILLERN: OK. I will ask you to refer to the senator as Senator Bosn, please.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 19, 2025

DENNIS HERMESCH: OK.

von GILLERN: Thank you.

DENNIS HERMESCH: Senator Bosn.

von GILLERN: Bosn.

DENNIS HERMESCH: Bosn. I'm sorry, I just couldn't remember her last name.

von GILLERN: Thank you.

DENNIS HERMESCH: OK. Let me remind you that this bill made it easy-- makes it easier for highly productive farm ground to go out of our food supply and produce highly controversial green energy for money, highly productive. 24 acre-- 2,400 acre Hallam industrial energy complex removes this very fertile irrigated farm ground that ranks among the nation's best for crop production and converts it to one of the least efficient forms of energy production that there is, least efficient. At its best, solar panels only convert 30% of the sun energy to electricity. They're going to improve a lot and these are going to be obsolete, least efficient. At this northern climate, the sun's rays in the winter are at such an angle, even the panels tilted toward the sun, they only produce less than 10% capacity in the wintertime. So the shortest day of the year is December 21, most of November, December and January, almost no electricity from these panels; October and February, partially operational. Now let's look at May, June and July. According to the National Weather Service Office in Valley, Nebraska, Lincoln has 111 cloudy days a year and 153 sunny days a year-- per year. On cloudy days, the panels produce about 30% of their capacity. The Denver mayor brags on the airport train-- this little gal from Aurora could testify that Denver receives 300 sunny days a year. Electricity travels at 186,000 miles per second. That's seven times around the earth in a second. Are you sure Nebraska is the place for these pan-- solar panels? Don't waste the money, all this money in Nebraska. Are you sure, are you sure you want to make it easier for this greedy, money hungry country-- company based on grants from our tax dollars to take our precious farmland out of production? This crop ground offsets 300 to 1,000 pounds CO2 per acre. I'm going to repeat that. This crop ground now offsets 300 to 1,000 pounds of CO2 per acre, depending on the crop that they produce. It's already green. Nobody is against green energy. For those of you that believe, you can build all you want in your backyard. Anybody that votes for

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 19, 2025

this doesn't-- and doesn't have solar panels in their backyard is a hypocrite. I moved to the country to enjoy--

von GILLERN: OK, sir, your time--

DENNIS HERMESCH: nature, grass, trees, crops--

von GILLERN: Sir--

DENNIS HERMESCH: --and cows.

von GILLERN: Sir,

DENNIS HERMESCH: I'm sorry.

von GILLERN: --your time has expired. Thank you. Are there any questions from the committee? Seeing none, thank you for being here. Invite up the next opponent testifier please.

DENNIS HERMESCH: Can I say one more thing?

von GILLERN: No, you may not. Thank you. Thank you for being here. Good afternoon.

KIM TOPP: Good afternoon. My name is Kim Topp, K-i-m T-o-p-p. I'm going to speak in my professional position first. I'm a real estate broker and I have been for over 40 years working in this area, Lincoln surrounding, Omaha surrounding, county around. I happen to live out where the Hallam solar complex is proposed and right now conditionally approved. NextEra wants us to believe that real estate property values would only be harmed by 1% negatively. OK. I have sales transactions. If I had known you would have taken copies of Lancaster County properties sold in Lancaster County in 2024. These are within a mile or two of the proposed solar complexes. Two have been on the market over 3 years. The three that have sold, all sold for 32 to 37% below market value. None of us want to sell our properties for 35% below market value. I doubt if any of you do. I don't. That's most of our family's largest savings. So it's a huge problem with real estate values. I'll, I'll provide you that if you want. It's a 22-page document when I give you the whole thing, it provides all the details around. Now I'm going to speak personally. I live out in the area, own farm ground, which would be right next to this massive solar complex. Lancaster County told us that the land our son wanted to buy from us was development land. And they required we keep ingress and egress because it was development ground. Now, they have voted to build a solar complex right across the fence. That would destroy us to the

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 19, 2025

tune of 7 to \$9 million. Just my husband and I. It's massive. So now I'm going to say to you, the four-- four of the county commissioners-- because, Senator Jacobson, you have brought up Lancaster County and we are a unique situation and very scary for us that live in the rural areas. Four of the five county commissioners, they weren't interested in the facts that we provided and documentation that we provided and all the research that we did. Yet, NextEra can blow smoke up you know what, what to everybody and they acted like it was the gospel truth. I would say if they want this green energy, as they call it, let's give them the green, clean, wonderful energy and all the benefits that go with it. The beauty, the glass, the metal. Let's put it on all these buildings and all these services in the cities, city of Omaha, city of Lincoln. The people that have spoken for it are all from Lincoln and Omaha. We've got arenas, we've got parking garages, we've got the city dump. We've got this Capitol, a lot of surface you can put those panels on. They're not concerned about the damage to the real estate property. The county commissioners, NextEra said it doesn't, doesn't damage them. So I say let's let the people that want them, have them in the city. They can enjoy them. They can drive by them every day. And best, best for them, the best thing is they say there's no fire safety, there's no fire concern, no safety hazard stuff. Because, you know, they don't, they don't burn. They don't light them on fire, even the lithium batteries. So let's save a lot of us a lot of money and a lot of time and give the gift of green to those people that want it.

von GILLERN: Thank you. Questions? Senator Kauth.

KAUTH: Thank you, Chair von Gillern. Would you able to provide us a copy of the--

KIM TOPP: Absolutely.

KAUTH: --the sale price?

KIM TOPP: Absolutely.

von GILLERN: Thank you. Any other questions?

KIM TOPP: Do you want me to email that or--

KAUTH: Do you have it with you?

KIM TOPP: I have one copy. I didn't know that we were supposed to bring in more.

KAUTH: We, we can have the page make some copies.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 19, 2025

KIM TOPP: This is a five-page document that has some supporting data. If you want all the detail, I have more of it.

KAUTH: OK. Thank you.

KIM TOPP: Yes.

von GILLERN: Thank you for your testimony.

KIM TOPP: You're welcome.

von GILLERN: Seeing no other questions, thank you. We'll invite up next opponent testimony.

DEREK KOTSCHWAR: Hello.

von GILLERN: Good afternoon.

DEREK KOTSCHWAR: My name is Derek Kotschwar, D-e-r-e-k, Kotschwar, K-o-t-s-c-h-w-a-r. This bill provided us with two options. Right? The voice of the people or not. Right? And I appreciated Senator Jacob's [SIC] comment about the-- how the county, if it, if it's truly representing the rural people. Right? So in my experience through the special permit and the county commissioners, I did not feel that they did very well represent the county people. I am in opposition of LB503. The bill feels like it's written by big energy companies to sweeten the deal with tax incentives to bulldoze opposition and bypass the people. I am currently in opposition and fighting back against the 24-acre solar field proposed in southeast Lancaster County. This proposed bill hits on most of the key sticking points of opposition that people are fighting against for both wind and solar, such as the setbacks, equipment, height, sound level, screening, and, very importantly, the decommissioning that seems to get disregarded. If government and energy companies want to minimize pushback on these large scale renewable energy sources, quit proposing them in largely populated areas where they're not welcome and then propose a bill to silence the people, especially when special interest groups are providing campaign contributions to officials that are supposedly representing the people. The solar field in southeast Lancaster County is proposed to be built within-- around 130 homes that are located inside it and within a mile of it. Proposing a bill that the county, to not require variances, condition use permits, special use permits, and other discretionary zoning approvals is irresponsible. Suppressing the people's voice is not worth the tax incentive proposed in this bill. None of these proposed solar wind fields are going to be of the same circumstances. The proposed southeast Lancaster County solar

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 19, 2025

field will actually surround four homes, three of them on three sides, and one of them completely on all four sides except their little driveway out. You know, do these people not deserve to have their voices heard? That's my testimony. Thank you.

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

DEREK KOTSCHWAR: Appreciate it. Thank you.

von GILLERN: Next opponent.

DUANE MURDOCH: Thank you for your time. I've been to a lot of public meetings. My name is Duane Murdoch, D-u-a-n-e M-u-r-d-o-c-h. I am a Cass County Commissioner. I'm in my fourth term. I've been through this solar deal for 4 years between zoning and regulations. I rec-- I highly think you should not move forward on this because we did a lot of work to get these zoning regulations and the county board is elected by the people and we do try to do what the people want us to do. Our job is to listen to the people. And as your job is here and you have a hard position to do this. I urge you not to go forward to this. Just deal with the megawatt, it's 3,518, it should be at least 5,000 with like a 5, 5% per year increase. It's so far behind the times, it's not, it's not even funny. I live in-- our county budget is bananas over the inflation. We can't even begin to keep up with it. And to all you who don't know, OPPD is putting in three more natural gas turbines north of Murray, Nebraska at their peaker station. And to everybody, there is another transition line being put in on Mill Road, 144th Street up to Facebook and Google, which we all know draws a huge amount of power. Actually, the amount that Lincoln takes. So we need to keep this in the local because we just-- there's only one way to control it is locally. So another thing that we've found with all the zoning, we had somebody look at their proposed thing from NextEra in Cass County, you need a surety bond. You need it up front. And there's nothing in here about that. You need it. Do not skip it. Because it, it goes-- say a tornado hits it and tears it up, they are more likely just going to walk away and there we'll sit. Thank you for your time.

von GILLERN: Thank you for your testimony. Questions from the committee members? Seeing none, thanks for being here. Next opponent testimony. Is there any other opponent testimony? Seeing none, is there anyone who would like to testify in a neutral capacity? Good afternoon.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 19, 2025

JOHN HANSEN: Mr. Chairman, members of the committee, for the record, my name is John Hansen, J-o-h-n, Hansen, H-a-n-s-e-n. I am the president of our organization and also our lobbyist. So the handouts that I've given you are the same handouts that I have-- I give other committees that deal with the subject material. And so they're kind of base information. So the wind development map comes from the Nebraska Department of Environment and Energy, as does the solar. And so on one side, you can kind of get the visual and the other side you can also see which year, which project, how big. So it's a nice little concise history of wind development and also solar development in our state. So then the last handout has to do with information that we put together that is defensible and conservative relative to sort of the economic benefits so far from both wind and ethanol, two different forms of renewable energy development. So from our perspective as a farm organization, we not only look at this issue through the eyes of private property rights and the use of private property rights by folks voluntarily making decisions about what's the best and highest use for their land and their property, which is the very same right, by the way, that opponents and proponents both have. Bearing in mind that we have not yet put any renewable energy projects on land that did not come with the permission and the approval of the landowner in the state of Nebraska. That was all a decision that a private property landowner made. And so we look at this as an agricultural issue. These projects do not end up in cities, nor should they. They end up on available land. And we, we have very little publicly owned land in our state. So it is private property land and that private property land is owned by farmers and ranchers. And so we also look at it as value added. And so that's the lens from which we start. We give Senator Bosn high marks for trying to come up with some sort of a solution to a growing problem, and that is that we are struggling to be able to site these projects in counties and, and have the welcome mat out for business when they knock on our door and say, hey, we would like to invest in, in your county and we would like to bring new tax value, new tax base, new farm income to struggling rural communities. And so we would suggest that this topic be further studied and that the nameplate capacity issue is one that ought to be reviewed, but we think it ought to be reviewed across the board rather than in this particular way, which to our mind would cause a good developer to be at a competitive disadvantage with the developer who had made no effort to be a good neighbor or good to the landowners or the community.

von GILLERN: Thank you, Mr. Hansen.

JOHN HANSEN: Thank you.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 19, 2025

von GILLERN: Questions, questions from the committee? Seeing none, thank you for being here. Next neutral testimony. Good afternoon.

TIM TEXEL: Good afternoon, Senator von Gillern, members of the Revenue Committee. My name is Tim Texel, T-i-m, last name is T-e-x-e-l. I'm the executive director and general counsel for the Nebraska Power Review Board. The Power Review Board is a state agency with primary jurisdiction over electric suppliers in the state of Nebraska, and the statute pertaining to the Board's jurisdiction are set out primarily in Chapter 70, Article X. Two of the statutes in Chapter 70, Article X are cited in LB503. So that's what my testimony will deal with and what we want to address. The Board takes no position on the policy aspects of designating counties as American energy friendly that would be created by the bill or some more technical comments. I wasn't aware of the amendment. I don't know what's in the amendment. My understanding, I heard today is it might remove some of the information I'm going to testify on. So I'm going to testify on the green copy or the introduced version. If the amendment wasn't adopted, I'd have to see the amendment to see if we'd have any comments on that. I wish I had known that so I could see what's in there. But the first issue I want to address is in the green copy, the definition of a privately developed renewable energy generation facilities. I use the acronym PDREGF because repeating that mouthful a lot of times is quite a bit. So I call it PDREGF, and on page 2, lines 11 to 13, the bill says for the purposes of LB503 that a PDREGF has the same meaning as in 70-1001.01, which is the Board's definitional statutes. And also includes any electric energy storage resource. That-- subsection (10) of the statute, the definitional statute lists the renewable fuels a private generation facility has to use to be a PDREGF. And those are solar, wind, geothermal, biomass, landfill gas or bio gas. That's a pretty common list of renewable fuel sources. LB503 would add, with the green copy, would add the electric energy storage resources to that list. The difficulty is that energy resources-- energy storage resources are sometimes called battery resources are not renewable. It's only what you put into it. So it could have renewable and it's also got coal, nuclear, gas, every resource and it's taken off the grid typically, might be located physically close, but it's going to take all those resources. So battery storage or, or energy storage resources itself, not renewable. It doesn't create energy. It stores it and releases it at the right time. They're very useful, but the Board believes they're not renewable. So since I'm very close to my time, I also have a concern with there's-- the proposed amendment I heard would delete lines 3 to 10, but that definition is used in the lines I just cited. So you have a term in lines, the subsequent lines

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 19, 2025

in the bill that lines 3 through 10 wouldn't any longer give you a definition for that term. So I have a concern with using a term that's not defined, if I understand the amendment right, so. I'm out of time. Thank you.

von GILLERN: Thank you for your testimony and thank you for honoring the time. Any questions? Thank you for being here.

TIM TEXEL: Thank you.

von GILLERN: Is there any other neutral testimony? Good afternoon.

BRYAN SLONE: Good afternoon. I am Bryan Slone, B-r-y-a-n S-l-o-n-e. I'm president of the Nebraska State Chamber of Commerce and testifying on behalf of the Nebraska State Chamber of Commerce in a neutral position today. Let me, let me first state that with the amendment. So the, the issue of battery storage was one that we did not have a consensus within the Chamber on. And so we, we could have not testified in support or in opposition, but simply as neutral. The, the larger issue, and not to, to repeat everything that's been said here before is, is this summer we spent some time in our chamber foundation taking a look at the energy situation in Nebraska. Reality is that, that the demand on energy in household, industrial, commercial, agricultural, every sector of our economy is growing at, at a, a much faster pace than it has for the last probably 80 years. The 1950s were probably the last time that we saw this. And it's, it's a function of, of technology and it's a function of, of the expansion of businesses. For example, 60% of our irrigation is, is, is the energy is electricity. As I tell people, my dishwasher talks to my stove, which talks to my F-150 every night, and I'm sure they're on the Internet doing AI stuff that I have no idea what that is. But what it's doing is increasing record-- not record-- but very significant rates. The demand cycle, and that's going to continue and it's continued to grow, not only in Nebraska, but every state in the country and everywhere on the grid. And so the biggest challenge that, that we all have from an economic development standpoint and sustainability of the industries that we do have in Nebraska is how are we going to keep up with this energy demand? There's no, there's no great answers, but we're going to have to build capacity. As with respect to renewables, the timing of putting in a gas turbine project, and I live 2 blocks from the most recent one in Omaha, is, is 7 years to, to buy and acquire and install those turbines. We have, we have energy demand issues that are much sooner than the, the 7-year period. And basically what, what we need to do is for everything that's on the drawing board right now, we have to find a solution and, and build that energy commitment for all of

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 19, 2025

our industries. And so I, I congratulate the, the senator for, for bringing and starting a discussion that needs to be had. There will be renewables that have to be built to meet our energy demand and meet the demand of consumers. And so a policy that there can never be any solar or any wind is just simply not feasible. And so the, the issue is keeping local control and finding a local control solution. And I think that's what this bill started a discussion about. Obviously, there needs to be further work and, and understanding around this, but energy capacity is quickly becoming one of our largest economic issues and I'd be happy to take any questions.

von GILLERN: Thank you. Questions from the committee? Senator Jacobson.

JACOBSON: Well, I can't resist. We-- this--

BRYAN SLONE: Sure.

JACOBSON: --committee last week heard testimony on a bill that said we have plenty of power.

von GILLERN: Sun is coming.

JACOBSON: And we're not going to have any problem at all keeping up. And, in fact, there was a bill that was going to prohibit the use of certain industries from coming to Nebraska to consume a lot of power. And there was no concern at all. In fact, the, the Chamber voted-- testified in opposition to the bill. How do you square that with the testimony today?

BRYAN SLONE: Yeah, so, Senator, very good question. One thing I've learned from, from living in many, many small communities within the state is there's 93 separate counties. And, and you cannot in any way generalize that, that one county is similar to another county, although I'll always say that Scotts Bluff County is, is the best, but beyond that. In, in the case of electrical generation, you also have to look at the area you're looking for in, in the case of, of that piece of legislation. We actually have rural counties that because their biggest user is irrigation, which has very high peak loads at very certain times, and then it's seasonal as well, have to find a way to balance their local rural cooperative load. And for those counties, the precise industry you were talking about, they need a big load, load user who could turn off and turn on based on the cycles of irrigation. And so for them, it's very important. It may not make sense at all in, in another area of the state. And that's why I think

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 19, 2025

in this bill, one of the positives is-- because local control is really important, it's really important-- Lancaster County is very different than Sheridan County, very different than Madison County-- the control remain with-- within the counties. But we need to find a way to, to find the right balance.

von GILLERN: Any other questions? Actually, your report that the Chamber put out that, that we-- was presented this summer was very well done. I actually reread it this weekend--

BRYAN SLONE: Yeah.

von GILLERN: --in antici-- in anticipation of some of the conversations we're going to have this week. So thank you for that effort from behalf of the Chamber. Seeing no other questions, thank you for being here.

BRYAN SLONE: Thank you very much.

von GILLERN: Any other neutral testimony? Senator Bosn, would you like to close? And as you come up, I'll note that there were 23 proponent letters, 162 opponent letters, and zero neutral letters filed online and no ADA testimony. Welcome back.

BOSN: Thank you. It looks like you printed your testimony before I did-- your letters before I did, because I had different numbers. So I, I mean. OK. So I appreciate the committee's time and attention to this opportunity and have certainly listened to those who have come between when I started and now. I, I, I maintain that I think there's a significant misunderstanding about what this bill actually does, because I heard a number of testifiers talk about the importance of local control, and that is the focus of this bill is local control dictates whether you come in, this is an opt-in bill, not an opt-out bill. If your community wants it, then they have the opportunity to opt in. And last I checked, all county commissioners are elected by the individuals who live in that county. And so that is a representation of those individuals. There were a couple of things that were said, I tried to talk about in my opening and didn't necessarily get to, one of the opponents or neutral-- opponents who said they may be able to get there was Mr. Cannon. He said that this is his favorite committee. I would note he also tells me that in Judiciary so do not feel special.

von GILLERN: Can we strike that from the record?

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 19, 2025

BOSN: He did point out that this is an opt-in bill and two, two of the frustrations he had or concerns he had were the "by right" language. And I would note that I-- as I expressed to him, I will express to all of you, I'm agreeable to working on that language so that it's not a by right, that individuals still have the opportunity for a public hearing. We met over this morning's floor debate. I spoke with him and he said, you know, a lot of times those individuals want the opportunity to come in because it does change people's position. And I said, I can understand that and I think that's fine. He also wants this to, no matter what, go to a vote of the people. And I'm open to that further discussion as well and seeing how we can work through some of those concerns that he raised. OK. Sorry. Trying to go through some of the things. There was a couple of questions about the surety bonds being before construction or how long after the construction. The individuals-- my understanding is that right now it's at a 6-year requirement. That was a bill that Senator Brewer passed last year, had previously been a 10-year requirement. I am open to conversations about what that should be if we wanted to include that in the language of this bill so that there isn't any, you know, variation across the state for how long those surety bonds-- how long until those surety bonds need to be in place, I think that could certainly be accommodated. The other-- one of the testifiers talked about the concerns they had over a 10-minute average. And that was surprising to myself, certainly because the 10-minute average is designed to be restrictive. If you had it over an hour-long period, you could have those highs and lows of the sound decibel. Whereas, if it's a 10-minute average, you can't do that. It's a shorter window. So as soon as you have something over 50, the-- you, you-- it, it's tends to be more restrictive. So that was surprising. I'm certainly happy to go to a longer period of time, but I think I would just ask the committee to consider that, that that was designed to be more restrictive to these facilities. I know individuals were frustrated that the amendment wasn't returned, and I tried to address that and probably didn't do that sufficiently. We asked for the amendment and it just didn't get back to us until today. So that wasn't a hide-the-ball attempt by my office certainly. The amendment strikes any reference to the battery capacity of battery storage. It also strikes it from that subsequent definition as the individual testified, he had concerns that we were referencing something that wasn't defined. It's stricken throughout the bill. That was part of the other concerns. One of the testifiers and I'm quoting, let's let the people that want them have them. And that was an opponent. I would just note that is exactly what this bill does. The landowners who want them can have them and the landowners who don't, don't have to. This just provides the

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 19, 2025

opportunity for a county to increase their nameplate capacity tax and, thereby, reduce their property taxes on their, on their community in their, in their counties. One thing I didn't get an opportunity to talk about before when I did my opening, I neglected to mention, and is in one of the letters of support, there was a letter from an individual who, due to the weather, wasn't able to come today. And that was Bill Tielke, and I may be pronouncing that incorrectly. He's from Holt County, Nebraska. And they, they have some local solar-- excuse me, wind farms and receive \$300,000 a year toward county operations, which is only 5 cents on a tax statement, not to ignore what the school gets and fire districts and townships receive. An increase to 1.5% would be significant to them. The other-- the way that this all started was in conversations where I learned that there was a landowner in Pierce, Nebraska, who passed away, passed his land on to his two sons. The farmland there had not been profitable for a number of years, and when his sons took over, they were not interested in farming it. And so they looked for alternative opportunities for the land, developed a solar farm, and through a local agreement that went to the school district there and how significant that income has been to their school district and what relief that has provided to those communities is sort of what, you know, sparked the interest in how can we use that opportunity on a larger scale across the state of Nebraska. I heard the individuals behind me, and I understand if there are communities that don't want this, I am not someone to tell them that they have to have it. But I do think when a community does want it, let's take advantage of that opportunity and increase our ability to reduce their property tax burden significantly in a meaningful way. That's all I'm asking to do here. And, and so I have no disrespect for the individuals who testified in opposition. I, I understand their concerns. But I, I think this is an opportunity for those who do want it to have it and those who don't to not. So with that, I will happily answer any questions.

von GILLERN: Thank you. Senator Jacobson.

JACOBSON: I just have two quick questions and I, and I may be beating two dead horses here. But as it relates to surety bonds.

BOSN: OK.

JACOBSON: I'm baffled. How-- I mean, I realize that might be what's happening today, but I just fail to understand how-- OK, let's say it's 6 years. So 6 years from now you say, hey, we need a surety bond when those are out-- all the installations are in place. What's going

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 19, 2025

to compel me to bring the surety bond and, and what's the consequences if I don't?

BOSN: Yeah, I, I, I understand your question. I just think that's probably industry practice in these types of instances. And certainly I'm not trying to change your mind, you can approve that.

JACOBSON: No, I'm just saying if they were in the banking business they would be broke right now. I mean, that, that's, that-- very few people volunteer collateral after the money's already been loaned. I'm just, just saying. But that really concerns me. The bigger question, though, is if this bill passes, I'm gathering most of the people in this room are in Lancaster County, and I don't think there's a lot of doubt how the Lancaster County Board is going to vote on this issue because it benefits them and it's not going to impact them. So I realize that the way we vote, I realize school bond issues and on down the line, everybody votes. You don't vote whether you got kids in school, whether you're a landowner or not. But it just seems like on this issue, I don't know whether it's possible because of the way this is different, perhaps, that the people that would be affected, say landowners living in the county where these could be built would be the voters if you take it to a vote of the people, rather than having everyone living in Lincoln to a vote. Because, again, we think-- I could tell you where I think that outcome would be. That, that's one of the big concerns I have with this is-- and it's not just Lincoln and Lancaster County, you can go to North Platte and, and Lincoln County and the bulk of people live in, in North Platte. And so you're going to have Kearney, Grand Island, you're going to have all the same cases. Now, you get into smaller counties and then you may have a population of more farmers and ranchers that, that may compete with the, with the cities. But, but this-- that, that's the concerns I have with the county board and then also-- now-- and, although, I would say then in, in, in Lincoln County, I think they all take a piece of the city and then out in the rural area so that they get a little more balanced. But in Lancaster County, it looks like this is really almost the Lincoln City Council running the show.

BOSN: Yeah, nothing in this bill is going to change that. So I, I guess the reality is, absent this bill, nothing changes. The only thing that does change is if Lancaster County passes it, all of those landowners receive property tax relief. If this bill doesn't pass, the county board will still be made up of the same individuals tomorrow that they're made up of today. And I don't know that my position or your position should be that we should legislate based on a county board that maybe we agree or disagree with when there's an opportunity

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 19, 2025

for meaningful property tax relief across the state, because that's the number one thing I've heard. I have spoken with thousands of constituents and they told me that is their biggest concern. And those are individuals who live out of the county or out of the city limits, like myself, and individuals who live inside the city limits who are saying we're dying for relief, this is an opportunity to at least try.

JACOBSON: Yeah. No, I, I get that. And I'm on the same page in terms of property tax relief. I'm just concerned that this one really is a, is a difficult one and it's become very polarizing. But thank you.

von GILLERN: Thank you. Senator Dungan.

DUNGAN: Thank you, Chair von Gillern. Thank you. I apologize for missing the first part of this. I was introducing--

BOSN: It was great.

DUNGAN: --I was introducing a bill elsewhere. You may have answered this in your opening and I was just reading your amendment. If the board votes to be-- for this designation or if the people vote for this, does that designation then exist into perpetuity or is there a way to walk it back and/or readdress the issue?

BOSN: I did answer that question.

DUNGAN: Wonderful. I'm sorry.

BOSN: No, I'm kidding. So there is a way to, to remove the designation and there's no penalty for doing so. Does that answer your question?

DUNGAN: Yeah, is it--

BOSN: I can tell you exactly where it is. Shoot, that's not where it is and that's, that's where I thought it was. But I, I can find that to you.

DUNGAN: And I can reread the amendment and make sure. I just wanted to make sure there was some mechanism in there to address the issue down the road.

BOSN: There is, but that isn't something that changed in the amendment.

DUNGAN: OK.

BOSN: Just if you have the original. Yeah.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 19, 2025

DUNGAN: Nope, that makes sense. Thank you.

von GILLERN: Any other questions? Seeing none, thank you, Senator Bosn. That'll close our hearing on LB503 and we will open our hearing on LB50. Let's take just a minute to clear the room. If I could ask, if I could ask that we can clear the room, please. We've got another bill we need to get-- we got three more bills today. So a couple of them are going to be kind of long. Welcome, Senator DeKay. You're welcome to open on LB50.

DeKAY: Good afternoon, Chairman von Gillern and, and members of the Revenue Committee. Thank you for hearing my bill today. For the record, my name is Senator Barry DeKay, B-a-r-r-y D-e-K-a-y. I represent District 40 in northeast Nebraska, and I'm here today to introduce LB50. LB50 would change provisions relating to the distribution of the nameplate capacity tax. I brought this bill simply to correct an unintended consequence of prior bill, LB243 in 2023, that resulted in funding being unintentionally taken away from community colleges. The purpose of this bill is to restore the lost funding and make them whole again. This bill would have no fiscal impact on the state of Nebraska. The nameplate tax is, is a tax imposed on private renewable energy companies that construct infrastructure in Nebraska, the amount of tax they pay is based upon the number of kilowatt hours of electricity they produce. Per Nebraska case law, it is an excise tax, not a property tax. And you can see *Banks v. Heineman*, 2013. Companies pay this tax in the counties where the infrastructure is physically located. As a result, nameplate tax revenue remains in the areas most, most directly impacted by renewable energy infrastructure. Nameplate tax funds collected in each county go into a bucket and are then distributed to the political subdivisions in that county according to the percentage of property tax they levied. Although it is not a property tax, it is distributed based on the percentage of property taxes assessed to each political subdivision. Two years ago, in the 2023 legislative session, the governor, the Legislature, and the community college collaborated to craft a new funding model that removed the vast majority of community college property tax levy authority and replace it with a funding from the state. Under the previous model, community colleges could levy up to 11.25 cents. Under the current model, they may levy only up to 2 cents. This small portion had to be left in place for bond service. Because the nameplate tax is an excise tax and not a property tax, the nameplate tax revenue is not included in the college property tax replacement funds from the state. When their new funding model took effect in 2024, community colleges realized, after the fact, that they did not receive most of their nameplate tax revenue. They did not

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 19, 2025

receive this revenue because they received a significantly smaller percentage of property taxes than before, which led to a correspondingly smaller percentage of nameplate tax revenue. This loss of nameplate tax revenue amounts to just over \$550,000 of lost revenue to community colleges annually, and their new funding model provides no mechanism to replace these funds. In 2024, the community colleges, if you want to call it that, lost a year of nameplate tax, the, the portion of revenue that formerly had gone to community colleges simply remained in the county's nameplate tax bucket and was distributed among the other political subdivisions. In other words, the other political subdivisions received the community colleges' share of nameplate tax. So while they received more revenue than in previous years, community colleges received significantly less. It is important to note that although the community colleges did not receive this money in 2024, they do not seek to claw it back. They only seek to correct the distribution going forward. To reinstate the community college's portion of property taxes, we looked at the historical distribution of this tax among counties and their political subdivisions. The amount that each county receives varies wildly, with some counties having lots of renewable energy generation facilities within their borders and others having none. In fact, only 38 counties in Nebraska received nameplate tax revenue at all based on the latest Department of Revenue's data available. And of those, only 11 received nameplate tax revenue in excess of \$200,000 annually. By looking at the 38 counties that received nameplate tax revenue and then looking at the portion of the revenue that the community colleges received in those counties, we arrived at a formula that would right this past wrong, taking 5% of the nameplate tax revenue off the top and distributing it to the local community college prior to distribution among the political subdivisions would reinstate most of the community colleges lost funding, though not always to the previous levels. The local community college will use this money, as it has in the past, to provide the skilled workers necessary to sustain and grow our communities, being construction workers, welders, utility linemen, medical technicians, and so much more. The remaining 95% of the nameplate capacity tax revenue will then be distributed as it is now, according to the percentage of property tax received. The state of Nebraska is in need of local workforce to support our state's economic growth. A good share of this workforce is trained by the Nebraska community colleges. By making this change, the revenue that the community colleges and other political subdivisions receive will be reinstated to previous levels so that they can continue to provide the local services expected of them. I will have several testifiers behind

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 19, 2025

me who can elaborate more on this situation. With that, that concludes my opening on LB50. Thank you.

von GILLERN: Thank you. Questions from the committee? Senator Jacobson.

JACOBSON: Thank you, Chairman von Gillern. I, I see Ms. Wittstruck is here, and she probably can answer the specifics of the questions I have, but. So we talk about mistakenly didn't include it, but I don't know who decided it was mistakenly left off. Do we have any kind of information to show that that was not the intent of the Legislature to begin with? I mean, we-- as I understand it, we, we went ahead and took whatever their, their operating expenses were and down to-- and anybody that was below the minimum, they got the minimum that the state would provide. And then there was a, a cost-- basically, a cost of living increase that was added each year. And then any other revenue would have to come from gifts and, and tuition and so on. So I guess I'm trying to figure out that if this nameplate tax was going before-- I guess, how do we know, I guess, looking back, that it wasn't intended just to go to counties and reduce property tax for the rest of the political subdivisions?

DeKAY: Could I refer that to her now?

JACOBSON: Absolutely. I-- I'll-- and I've got another question so I'll, I'll just do both of them to her. And I don't want to give her a hint as to what I'm asking. So thank you.

DeKAY: Thank you.

von GILLERN: Any other questions? Seeing none, thank you, Senator DeKay. We'll invite up our first proponent testimony, and I will hand the chair over to Senator Jacobson for a few minutes.

JACOBSON: Welcome to the committee.

LEAH BARRETT: The chairs aren't meant for short people. Thank you.

JACOBSON: Even, even tall people, that's a little short.

LEAH BARRETT: All right. Thank you, Vice Chair Jacobson. Good afternoon to all of the members of the Revenue Committee. My name is Leah Barrett, L-e-a-h B-a-r-r-e-t-t, and I'm the president of Northeast Community College. I'm here today on behalf of the Nebraska Community College Association--so if you have questions, I'm happy to answer them, Senator Jacobson-- and the Nebraska Chamber of Commerce

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 19, 2025

and Industry to testify in support of LB50. LB50 rectifies an unintentional negative consequence of the change in funding model for the Nebraska community colleges. This is not a tax increase, nor is it a substantive loss of revenue to any other political subdivision. With the creation of the Community College Future Fund, the college is no longer assessed a general levy-- a general prop-- a general property tax levy. The community colleges' levy reduction resulted in a corresponding reduction of more than \$500,000 in revenue from the nameplate capacity tax. The community colleges are political subdivisions and by creation are governed locally. Similar to the other political subdivisions, they have distinct responsibilities to a statutorily designated part of the state. Moreover, by statute, they're required to address workforce needs and be an integral part of economic development through providing a variety of education and training in their local service area. Allocation of these funds has made a difference in our community college budgets and our efforts to support our communities with a well-trained workforce. The nameplate tax revenue was not included in the colleges' property tax replacement funds from the state. It is a separate line item within our budget that we present to the state auditors on an annual basis. It was simply an unintended consequence. When the new funding model took effect in 2024, community colleges and the governor's office realized, after the fact, the significant reduct-- reduction in nameplate revenue to the community colleges. The community colleges did not receive this revenue because they received a significantly smaller percentage of property taxes than before, which led to a correspondingly smaller percentage of nameplate tax revenue. The proposed 5% off the top included in LB50 was derived from an analysis of the percentage of total taxes collected by the community colleges in each county. The table provided within your packet shows the distribution of the 2023 nameplate tax as it was when the community colleges were able to assess the levy for their general fund. The shaded area of the table is the impact of LB50 using the 2023 numbers. The table illustrates the minimal impact of the proposed approach to distribution. The change is a reduction to each political subdivision of less than 1%, and this is different with each county based on the percentage of, of taxes and how they're distributed. Community colleges play a critical role in the training of our workforce. In our most recent graduate report, 91% of Northeast Community College graduates stayed in Nebraska to work or continue their education. Our graduates play a critical role in the public power and energy industry. Northeast provides the continuing education programs for nearly 1,000 utility line professionals working for the Nebraska Rural Electric Association and several rural public power districts

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 19, 2025

throughout the state. We provide training in electrical construct-- construction and controls. Our associates degree in utility line produces 45 graduates each year who are ready to serve our rural areas and public power districts. We also train early childhood professionals, nurses, builders, machinists, plumbers, and ag professionals. LB50 rectifies a negative situation for the community colleges with no cost to the state of Nebraska and a simply de minimis impact to the other political subdivisions. I'm happy to answer any questions.

JACOBSON: Questions from the committee? Senator Sorrentino.

SORRENTINO: Thank you, Vice Chair. Just to be clear, there's a-- well,--

LEAH BARRETT: Yes.

SORRENTINO: --a chart in here.

LEAH BARRETT: Yes.

SORRENTINO: So if I'm reading this right, you would be F, community college, correct?

LEAH BARRETT: F is the line for the community colleges. Yes.

SORRENTINO: Right. And LB50 shows that you got \$569,944, rather than the old \$620,000. So you were shorted \$84,890, is that correct?

LEAH BARRETT: No, just a little bit different. So the LB50, 5% off the top is the 569. Then, because we still have a tiny bit of levy to support any capital projects, which is a 2-cent mill levy, we still have a little bit of nameplate that we collect.

SORRENTINO: OK.

LEAH BARRETT: And so you need to-- yes, there'd be a small increase to the community colleges for their, their distribution, but a very small decrease to the other nine political subdivisions, less than 1%.

SORRENTINO: So you would get 800-- or \$84,890 extra. Right?

LEAH BARRETT: Um-hum.

SORRENTINO: And that, and that comes from the other, what, eight sources, little by little?

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 19, 2025

LEAH BARRETT: Yes.

SORRENTINO: The most being from public or the school districts?

LEAH BARRETT: Yes.

SORRENTINO: All right. Thank you.

LEAH BARRETT: Yes.

JACOBSON: Other questions? I think I may have gotten my answer questioned-- question my answered-- my question answered.

LEAH BARRETT: OK.

JACOBSON: Let's go with that. But I do think there's a couple other testifiers, I think, should be--

LEAH BARRETT: There is.

JACOBSON: --here that can kind of confirm what I'm thinking, so.

LEAH BARRETT: Yeah.

JACOBSON: I have no other questions from the committee, thank you for your testimony.

LEAH BARRETT: Thank you all very much.

JACOBSON: You're welcome. Mr. Zoeller, welcome to the committee.

KENNY ZOELLER: Hey, thank you, Vice Chair Jacobson and members of the Revenue Committee. My name is Kenny Zoeller. That is spelled K-e-n-n-y Z-o-e-l-l-e-r. I serve as the Director of the Governor's Policy Research Office. I'm here to testify as a proponent to LB50 on behalf of the governor. As previously mentioned by Senator DeKay, what we are seeing to look to remedy in LB50 was an unintended consequence due to the passage of LB243, of which this committee worked very hard on to provide direct property tax relief to Nebraskans. The original goal of LB243 was to take the general levying authority from community colleges and replace that with state funds. With the thought being that we have six community college districts across the state, they serve a vital and important role of not only educating our kids currently in the state of Nebraska, but, frankly, are going to be the primary driver of our economic development moving forward. So the governor, along with the Legislature and Senator Briese, at the time, concocted LB243. And it wasn't necessarily the entirety of the

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 19, 2025

operating revenue, it was just focused on the general fund levy. So with the unintended consequences of, of the nameplate capacity tax being directly tied to the levy from each levying authority across the state, that is why these districts kind of have, have this specific issue. And what I passed out to each of you, we wanted to dive a little bit further-- because when this was originally approached to us from the community colleges, we did have some initial concern. First and foremost, there's two plans or two avenues to, to replace this funding. One would just be a General Fund appropriation, which the governor was a little bit skeptical to. But the second would be just replace the nameplate capacity tax revenue and revert it back to how it was previously. Which, generally speaking, 5% of your property tax collections go to community colleges. So when looking at breaking down on just Northeast Community College is, and this is what this sheet is, when you take a look at Northeast Community College's district, the additional taxing entities that are receiving nameplate capacity tax revenue, the largest one would be a school district. That would be Wayne County schools at \$77,000. But it's, it's that small-- the redirected money is as small as \$1 to the Burt County miscellaneous district. So, you know, it's our hope that this plan provided in LB50, it's not negatively harming other taxing entities. This is just a one year, quote unquote, windfall. And, frankly, when taking a look at the specific details of Northeast Community College's district, for the most part, there's not one entity that would be receiving a majority of that million dollars or a couple of other, you know, total from a nameplate capacity that we would be harming in this. So that being said, happy to answer any questions the committee might have at this time.

JACOBSON: I want to just follow up at, at this point. I-- so I-- and this is all kind of coming back to me now. So what we did when we took them off of the tax rules, we took them off the tax rules basically for, for the amount of dollars that they were assessing property taxpayers to cover their operating expenses, essentially. But we left them with an ability to still assess property taxes for debt service on existing bonds or bond debt service or any new bonds that would be approved by a vote of the people.

KENNY ZOELLER: Yeah.

JACOBSON: Is that-- so that left them with the dollars that the state was giving to replace the property tax collection. It left them with tuition and it left them with any other sources of revenue, this being one of them.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 19, 2025

KENNY ZOELLER: Yeah. Yes, sir.

JACOBSON: So how did it-- how does this money flow on the nameplate capacity tax and, and how was it that they didn't get the flow through last year? What-- where did, where did this go off the tracks?

KENNY ZOELLER: Yeah. So great question. So the bill passes in 2023, the first year of implementation would be property tax year 2024. So when we passed, what was it, LB243, that would have been in May of, May of 2023. In December of 2023, when people were opening their tax statements-- remember, we're taking a look at property taxes the year, the year in review. So that would have been for 2022 property taxes. And then going forward to 2024 property taxes, this December would have been the first year that would have been applied. So when people open the statement in December 2024, that's assessed at 2023 taxes. So where it, in my opinion, it got mixed was the fact that the implementation of LB243 the first year that went to-- into real effect for taxpayers would have been property tax year 2024, which they first realized this year in 2025. So I don't know if that necessarily answers your question in terms of why there's, essentially, a 2-year delay in us catching this from a nameplate capacity tax standpoint.

JACOBSON: But to that point in catching it, who-- I mean, the dollars-- the nameplate capacity tax, does it go to the Department of Revenue? And then-- or, or does it go directly-- or where does it go to?

KENNY ZOELLER: So I believe, I believe Department of Revenue's process within this, and I'd probably kick this question to Jon Cannon, who I think should be testifying a little bit later. But we do provide-- we provide data to the local taxing entities specifically showing, OK, this is your overall county's tax statements, 60% of it for your property taxes goes to schools, 30% maybe a combo of your counties and cities. And then the, previously, 5% would be your community colleges. So this is how you-- taxing entity will distribute the nameplate capacity tax because the distribution of this occupation tax is tied to the total levying percentage from your local taxing entities.

JACOBSON: Yeah, and I, and I, I, I think there are some other testifiers that probably have really dug into this deeply. I'm just, I'm just trying to figure out how this got off the tracks and, and why it took-- why we're 2 years out or effectively 2 years out, I guess, effectively 1 year, but 2 years out to, to really rectify this. But my understanding is the community colleges are fine. If we can get the flow working now, they're going to be OK. Nobody's going to come back

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 19, 2025

and try to ask for a refund back and, and that this is effectively going to give-- take a win for-- effectively, the other taxing authorities in the counties got a little bit of a windfall but that windfall is going away. And that's really the net effect of this.

KENNY ZOELLER: Yeah.

JACOBSON: And we're going to restore the funding. The community colleges, the state is going to continue to honor their commitment in form of property tax replacement.

KENNY ZOELLER: Yeah. And then one thing to add on that, sir, you know, the windfall, as I've passed around and we can provide this information for each community college district if the committee would like, but the windfall should be relatively de minimis for each of these taxing entities. So this isn't, this isn't necessarily something from the governor's opinion that there's a massive source of revenue going to these 83 different districts and, and taxing entities and Northeast Community College's [INAUDIBLE] or district. Rather, it's a minor windfall, de minimis windfall. And if we can collect this and get this back to the community colleges, it would, it would serve the taxpayers well.

JACOBSON: Thank you. Questions from the committee? All right. If not, I'm going to turn it back over to Senator von Gillern.

von GILLERN: Thank you, Senator Jacobson. We'll invite up our next proponent testimony.

COURTNEY WITTSTRUCK: Hi there. Good afternoon,--

von GILLERN: Good afternoon.

COURTNEY WITTSTRUCK: --Chairman von Gillern and members of the Revenue Committee. My name is Courtney Wittstruck. That's C-o-u-r-t-n-e-y W-i-t-t-s-t-r-u-c-k, and I'm the executive director of the Nebraska Community College Association. So I didn't have any prepared remarks, but since my ears were burning, I thought it would be a good time for me to come up and see if I could answer any questions. I think the term officially for the transcribers is that I was "vol un told" to come up here. So if I could answer any questions, I think the first thing I'd like to address, Senator Jacobson, is that I know bankers like paper trails and you can follow the paper trail to the-- this funding or the fact that it wasn't included in our Community College Future Fund calculation by looking at the fiscal note. So if you look at LB243 and its predecessor before it was folded into LB243, which if

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 19, 2025

I recall was LB783, if you look at the fiscal note that the community college-- colleges submitted, you'll see that there was no where we mentioned nameplate tax on there at all. So if we had known about it at that time, we would have put it into the fiscal note and labeled it as nameplate tax. So if you look at all the fiscal notes that everyone submitted and that the state also submitted, nameplate tax was not included on there. So that's one way, you know, that it wasn't, I guess, purposely or it wasn't intended to be left off. As far as your-- let's see, your other question about how it flows through. So it's a separate line item on community colleges' budget. So it's not under any of their property taxes. It never was. It isn't now. And what happened was because the implementation of this, like Kenny mentioned, the implementation, the first year it actually was put into full effect was 2024. So then when we levied significantly less than we had in years prior, it showed that our percentage of property taxes levied significantly decreased and then in proportion our percentage of nameplate tax revenue receipts decreased, decreased, as well, because of that amount that we had, that we had removed from our property tax levy authority. So it's in distribution or it's in proportion to property taxes levied. And because we were levying less, and the first year that it happened was 2024, then after that is when we received our lower amount of nameplate tax revenue. Did that answer your question?

JACOBSON: For the most part. I, I guess, I'm, I'm just trying to really track who collects the nameplate capacity tax and how does it make it way-- make its way to you to begin with?

COURTNEY WITTSTRUCK: So there is someone behind me that is much smarter than I am who can explain all of that. However, I will say it's based on the county. So the county collects it and the, the intent of the nameplate tax is for it to remain local so that it can support that local, whether it's workforce in our case or schools or whatever it may be, counties, but it's intended to stay locally. So it's collected at the county level and it was always intended and always had gone to every political subdivision. So the question is, is our community colleges, if we're, quote unquote, mostly off of property taxes, that still doesn't alleviate us from the responsibility of being a political subdivision and providing the same services that we always had as a political subdivision, which is training the employees that are going to build and run this equipment. So even though we're not as much on property taxes, we're still a political subdivision and we still have the same duties to our local communities that we always had.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 19, 2025

JACOBSON: So you're getting paid directly from the counties or are the counties submitting that money to the state, and it's coming back to you from the state?

COURTNEY WITTSTRUCK: I believe it comes right from the counties. But, again, there is someone much smarter behind me that can answer the specifics.

JACOBSON: He seemed reluctant to be testifying when he was called out so I [INAUDIBLE].

COURTNEY WITTSTRUCK: Well, because he's in-- I believe, he's in a different position. He's not going to be testifying in support. So he probably doesn't-- he, he will be happy to explain the process because he is very well-versed in it.

JACOBSON: And I do have one question for you.

COURTNEY WITTSTRUCK: Yeah.

JACOBSON: You probably wouldn't give us 5 years to study this and then, maybe, make a final decision [INAUDIBLE]?

COURTNEY WITTSTRUCK: Well, you know, what, would, would you-- I mean, as a banker, would a banker loan me money for 5 years and give me time to study my idea in that time?

von GILLERN: All right, all right, I'm calling [INAUDIBLE].

COURTNEY WITTSTRUCK: I don't know if that would work, but--

von GILLERN: I can't wait to get to the smart guy.

COURTNEY WITTSTRUCK: --we can, maybe, discuss that after the fact.

von GILLERN: Yeah. All right.

COURTNEY WITTSTRUCK: Any other questions? I know it's a confusing topic.

von GILLERN: Any other questions? Seeing no other questions, thank you for being here.

COURTNEY WITTSTRUCK: OK. Thank you, everyone. Appreciate it.

von GILLERN: Any other, any other proponent testimony? I'm betting this will be more orderly than the last one.

JEANNE REIGLE: I'll try.

von GILLERN: Thank you for being here.

JEANNE REIGLE: Chairman von Gillern, thank you, and Revenue Committee. Good afternoon, my name is Jeanne, J-e-a-n-n-e, Reigle, R-e-i-g-l-e, and I'm speaking on behalf of the Nebraska Republican Party in support of LB50. The Republican Party regards as true that economic success is fueled by empowering people to achieve their dreams, provide for their families, and further the prosperity of their communities. It is embedded in the GOP plan for Nebraska. We believe a major component in this success is preparing and attracting a strong workforce. A vigorous workforce can help communities thrive by reducing unemployment. Low unemployment may lead to higher wages, more spending, and lower deficit. In contrast, high unemployment adversely affects the disposable income of families, erodes purchasing power, diminishes employee morale, and reduces an economy's output. Community colleges, I strongly believe, are a key ingredient in our state's present and future economic success. These institutions consistently deliver programs and services to meet Nebraska's talent needs, including customized training for business and industry, as well as popular open enrollment programs. On a personal note, I was serving on the Board of Governors of a community college when the Legislature changed the model for funding. The community college I was involved in has a very good track record for fiscal responsibility and furthering their mission of providing an affordable education and producing quality graduates to contribute to our society. Most community colleges can boast these same accomplishments. This bill is an opportunity for you to show appreciation to these community colleges for their accomplishments. I urge you to vote this bill out of committee. Thank you.

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

JEANNE REIGLE: That was orderly.

von GILLERN: Yeah, I knew it would be. Next proponent.

JOHN HANSEN: Again, good afternoon to the committee and Mr. Chairman. For the record, my name is John Hansen J-o-h-n, Hansen, H-a-n-s-e-n. I'm president of Nebraska Farmers Union. So one of the advantages of being in a position to lead an organization that's 111 years old, is that you kind of take the long view on things. Our organization had more than a little to do with the creation of the community college

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 19, 2025

system, and that system has gone through some struggles, but it continues to be really the point of contact for a lot of folks in rural communities where they can, cost effectively, get the kind of education and the kind of guidance and skills that they need in order to be able to stay in rural communities. And so its role is education, but it also complements our traditional education system by being able to transfer credits and do all of those things. But it is also really a, a significant contributor to the health and the, the vitality, and the viability of rural communities. So when we set out in this business of, of trying to reduce property taxes, which is, of course, one of my organization's primary missions in life, is to try to do that, it's complicated business. And so I look at this as simply an unintentional error or slight or whatever we want to call it. But I don't think it was intentional. And I think that when you look at this, I thank Senator DeKay for bringing it forward, when you find out that you've, you've made a, you know, have something that needs to be fixed, you jump in and you fix it. So this looks like to us to be a pretty simple, straightforward thing to do. And it does go back to the nameplate capacity distribution formula, which is a, a reflection of all of the property tax users in that particular geographic area, and that that was what was intended as a result of the process that went through in 2011 in order to create the nameplate capacity system that we have, which has, has served our state well. But that's not to say that after all this time, we couldn't use a, a refresh and a, a new set of eyes on that formula. And so with that, I'd be glad to answer any questions if you have any.

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

JOHN HANSEN: Thank you very much.

von GILLERN: --Mr. Hansen. Any other proponents? Seeing no other proponents, any opponents to LB50?

CALE GIESE: Greetings. My name is Cale Giese. That's C-a-l-e G-i-e-s-e. I'm the mayor of Wayne. And my opposition is more philosophical. I could spend the full 3 minutes talking about how great Northeast is and how Wayne State works together with Northeast to accomplish goals for the greater good. But my problem with nameplate and funding these area benefits is that it ends up being so disproportionate. And in the table in front of you, hopefully that information is passed around. Oh, shoot. Is that not how this works? Oh, OK, great. Well, what you're going to see is Wayne's number one. We account for 19% of all the revenue-- nameplate revenue in the

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 19, 2025

state. The top 5 counties in the state account for 68% of the total revenue. The top 10 account for 93%. The bottom 28 producers account for \$778,000. That leaves 55 counties that produce zero nameplate capacity revenue. So that disproportionality really comes into effect when you talk about something like Northeast Community College. So Northeast Community College represents 20 counties, 8 of those counties produce zero nameplate capacity revenue, 6 produce \$69,000 annually, and then 6 produce \$8 million. So I don't think it was the intention that when we're looking at how to fairly fund these community college systems to say, hmm, not population, that doesn't make sense. How many wind turbines do they have in their county? You know, and that ends up being the funding mechanism. So you were talking before on the legislative bill about the best ways to fund. And something that creeps into this is the counties vote on these things. They're very controversial. And then the majority of the funding goes to the school districts. And very crudely, I was trying to think of how to represent how this actually works. So this is Wayne County. It's like a stair step. This is the Randolph School District. This is the Winside School District. The altitudinal ridges run along this line. And this is terribly drawn, by the way. But just to illustrate that, Wayne County's regulations then benefit the Randolph school system and the Winside school system and even the Pierce school system, even though those counties have largely opted-- well, at least Cedar and Pierce have opted for zoning regulations that outlaw these types of facilities. So I guess my recommendation would be to give all the nameplate capacity revenue to the county and then have them reduce their levies that way.

von GILLERN: Very good. Thank you for your testimony. Any questions from the committee members? Seeing none, thank you for being here today.

CALE GIESE: Thank you.

von GILLERN: Other opponents? Good afternoon.

LUKE VIRGIL: Good afternoon, Chairman von Gillern and members of the Revenue Committee. My name is Luke Virgil, L-u-k-e V-i-r-g-i-l. I am the director of Economic Development for Wayne America, Inc. This is an umbrella organization for economic development, housing, chamber of commerce, services, and tourism that serves all of Wayne County. I'm here to voice opposition to LB50 as it will negatively impact the taxpayers in Wayne County and reward bad actors across the state. Wayne America, Inc., has been a champion of renewable energy for over a decade. In that time, Wayne County has been fortunate to realize

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 19, 2025

over \$750 million of renewable energy investments. The path to realizing these investments was sometimes faced with stiff opposition. However, the Wayne County Commissioners held resolute in their commitment to no countywide zoning, which has made Wayne County an attractive destination for renewable energy investments. Due to those investments, Wayne County is now the largest generator of nameplate tax revenue in Nebraska. For 2023, the Department of Revenue reported that Wayne County generated \$2.16 million in nameplate capacity tax or 19% of the statewide total. If passed, LB50 will redistribute 5% of the nameplate capacity tax revenue to the community college systems across the state. We see this as, see this as problematic for two reasons. First, the nameplate capacity tax was implemented as a property tax relief mechanism. If that 5% is redistributed, Wayne County taxpayers will be asked to fill the void via an increase in their local property tax. This will counteract the original intent of the nameplate. Second, Wayne County and its lack of zoning code has been friendly to renewable energy investments. Several counties across the state have been neutral and still others have been vehemently opposed to renewable energy investment. We struggle to see why Wayne County, as one of the largest nameplate capacity tax generators, would be asked to subsidize programming in other counties that were opposed to similar renewable energy investments. While we understand LB50 is intended to serve as a correction bill related to the community colleges' property tax levy authority, we must reemphasize that the bill creates more harm than good. It runs counter to the intent of nameplate capacity tax as a property tax relief mechanism, and it rewards counties that have opposed renewable energy investments. Thank you for your time and your consideration.

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

KAUTH: Thank you, Chair von Gillern. So were you opposed to this before the, the mistake? Because as I understand it, it was a mistake that it was removed from the community colleges and we're trying to rectify that mistake. Had you ever come and said, hey, this isn't fair, we should be getting that money before that time?

LUKE VIRGIL: We were not opposed to it before because it was part of the, the property tax formula that they-- my understanding is they received the distribution of nameplate based on that formula. When the Legislature rewrote that formula, I understand that there was an error there. At least that's what the proponents have said. We don't feel that there's a way that you should be multiplying zero to get something out of that.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 19, 2025

KAUTH: So and-- did you hear them testify that it was, actually, a separate line item? It wasn't in the property tax bill. It was included, according to them, mistakenly. So, so you guys never, actually, had it before. So now you've got a windfall and now you want to hold on to the windfall?

LUKE VIRGIL: We're, we're looking at this more holistically where there, there are, like I said, bad actors that are opposed to renewable energy, where our county is seeing a, for pun intended, windfall from that investment. And now we're being stripped of some of that.

KAUTH: So when you say bad actor, do you mean a county that would choose not to have renewable energy?

LUKE VIRGIL: Yes.

KAUTH: So you're, you're--

LUKE VIRGIL: And, and those that are vehemently opposed to it.

KAUTH: So anyone who doesn't agree with you about renewable energy is a bad actor?

LUKE VIRGIL: In this circumstance.

KAUTH: OK. Thank you.

von GILLERN: Any other questions? Seeing none-- oh, I'm sorry. Senator Murman, did you have a question?

MURMAN: I'm a little slow on the draw there.

von GILLERN: Oh, I'm sorry. No, flag me down.

MURMAN: Well, the nameplate tax is distributed to the counties and then the counties distribute it to the community college or the other taxing entities. Is that correct?

LUKE VIRGIL: That's how we've understood it through the testimony today.

MURMAN: OK. So the community college does serve all of the counties in their area, is, is that correct?

LUKE VIRGIL: That's correct.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 19, 2025

MURMAN: So the benefits from the nameplate tax that the college receives should go to all the counties they receive-- that, that they serve.

LUKE VIRGIL: I can see where the, the, the tax is coming back to just the northeast district that we are generating in Wayne County since Northeast serves us. But if this is going to be redistributed across the state, then I don't think that that is beneficial to us as a county.

MURMAN: OK. Thank you.

von GILLERN: Seeing no other questions-- oh, oh, oh-- Senator Jacobson.

JACOBSON: I'm not sure this is being redistributed to the state. I, I think this is being redistributed back the way it was before for the community colleges that are in that territory. So I'm, I'm, I'm kind of mind blown by your testimony talking about the bad actors. And we're fixing the problem, a mistake that was made. To Senator Kauth's point, everybody had a chance to testify when that-- the distribution of the nameplate tax dollars were there and it was crickets. And now we're trying to fix a mistake and we're calling out bad actors for not having more liberal zoning regulations. And so I'm just-- I'm, I'm a little perplexed by that, so.

LUKE VIRGIL: It's been stated that there are other mechanisms to correct this error. Is that correct?

JACOBSON: Not that I'm aware of.

LUKE VIRGIL: I thought it was stated earlier that the General Fund could have been an option.

JACOBSON: I, I think this committee has pretty long said that we're not looking forward to fiscal notes on it.

LUKE VIRGIL: I understand that. I just-- I'm looking at other options, sir.

JACOBSON: Thank you for the testimony.

LUKE VIRGIL: You're welcome.

von GILLERN: Thank you. Seeing no other questions, thank you for being here.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 19, 2025

LUKE VIRGIL: All right. Thank you.

von GILLERN: Any other opponent testimony? Seeing none, anyone would like to testify in a neutral position, Mr. smart guy?

JON CANNON: There's a lot of stuff I'm not going to live down from just this hearing alone. Yeah, you're sure going to be very disappointed.

von GILLERN: The expectation is really high.

JON CANNON: You know, I, I have to say on the record, I, I am not going to claim to be a smart guy. I just have the, the misfortune, apparently, of having been around long enough to have, have heard about some of these issues from time to time. Chairman von Gillern, distinguished members of the Revenue Committee, my name is Jon Cannon, J-o-n C-a-n-n-o-n. I'm the executive director of the Nebraska Association of County Officials, also known as NACO, here to testify in the neutral capacity on LB50. I appreciate Senator DeKay bringing this bill. This is-- actually, this gets to the very heart of a lot of tax policy issues that, that we, you know, take very seriously at NACO. And, frankly, there's a lot of discussion and a lot of unease at our board when we were discussing this particular bill, and it seems like it's very harmless. You know, it's, it's a de minimus, I, I think, was referred to earlier by Dr. Barrett, that it's a de minimus amount of money that's, that's going to be taken from all the other political subdivisions. But there are tax policy ramifications that I, I think need to be addressed to this committee. So first, I'll, I'll very briefly go into the history of the nameplate capacity tax, how we got here, what we first decided to do as a state, and, and we, the Revenue Committee and the Legislature decided to do as a state, is you said we're going to exempt renewable energy facilities-- renewable, renewable energy generation facilities from the property tax. And then we created a set of the excise tax statutes, 77-6201 through 77-6204, and its explicit purpose is to replace that property tax loss from the exemption of these renewable energy generation facilities. The way we figured it, is we said, what is the original cost for a turbine, all of the personal property that goes into it, all the stuff that is going to be exempt? How long is it going to be taxed? What's the average tax rate going to be in rural Nebraska? What is the amount of taxes that one turbine is going to pay over its useful life? And then we divide it by its actual useful life of what was represented to us at the time of being 20 to 30 years. And through a series of math-- I'm not going to go into the math, that's the whole reason I didn't go into engineering-- we came up with \$3,518 per kilowatt or megawatt.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 19, 2025

Pardon me. That's how we got here. That's, that's the history of it. Explicitly in the statutes that we have for nameplate capacity tax, 77-6201 says: it is to replace the property tax currently imposed on renewable energy infrastructure, explicitly. And so to the extent that we're talking about deviating from that, that should probably be addressed as well. There's an amendment to be had. It-- also in 77-6201, it says: that the nameplate capacity tax should not be singled out as a source of General Fund revenue. And so when we talk about when we had two options for making the community colleges whole, one of them was the General Fund and the other one was just taking something off the top of the nameplate capacity tax. That's where the unease comes in. Now, again, we're agnostic as to whether or not this is a good or a bad thing for the community colleges. I mean, frankly, they're, they're valued partners in the community. They do a great public good in all of our counties. And, you know, so we don't want to detract from that. And, and their concerns are legitimate for sure. By the same token, we're guided by the fact that if we want to just make this another pot of money that can be raided by the state or any other political subdivision of the state, that's a discussion that we need to have. I'm out of time. I'm happy to take any questions.

von GILLERN: Please, please finish that thought.

JON CANNON: Yeah. So there are two ways to go as far as the policy is concerned. We can either say that we're going to identify this tax as something that's designed to replace property taxes in the community, and, if so, this bill doesn't, doesn't accomplish that goal. If, on the other hand, if we want to say, you know what, we're going to identify this as a pot of money that we can use to distribute in, in different means, different manners, depending on, on whatever our, our objectives are, that's a conversation that we are totally willing to have. Oh, by the way, there's a lot of other pots of money out there that we're very interested in, that we-- that counties collect at the local level and receive a much smaller portion-- proportion of the tax that's being generated, distributed. And so, you know-- and, again, this is not to be construed as negative in any way toward the community colleges. Again, they're, they're great partners. But tax policy, at its heart, is about the allocation of fiscal resources in a community. And so if that's the conversation that we're going to have, I, I think it's a conversation that, that we really need to have in front of this committee. And also it needs to be something that is consistent in our tax policy going forward. I'm happy to take any questions.

von GILLERN: Thank you. Questions from-- Senator Jacobson.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 19, 2025

JACOBSON: I'm just trying to dial this back, too. So if I'm distributing an interest payment to someone and I send it to the wrong person and this is a recurring interest payment, and that person comes back and said, hey, you made a mistake, I'm willing to forego that, you paid it to somebody else. And then that person comes in and says, no, I don't want to give that up. You got to keep giving that to me into the future. Isn't that really what we're talking about here with this bill? I mean, we're, we're trying to fix a mistake and the community colleges have agreed not to ask us to refund them from a year ago.

JON CANNON: Sure.

JACOBSON: This seems to be kind of a no-brainer to me.

JON CANNON: Yeah.

JACOBSON: What am I missing?

JON CANNON: Well-- and, and, and I, I get, I get the concern, I guess. And, and from my perspective and from the county's perspective, it's, what was the nameplate capacity tax designed to do? And if it was designed to replace property taxes, then this bill doesn't do it because it's not replacing property taxes, since community colleges are largely off the property tax rolls. If, however, we've identified this as a pot of money that should roughly correspond to the amount of property taxes that were being levied at some point in time, then you-- on the one hand, 77-6201 where it explicitly refers to the property tax currently imposed on renewable energy infrastructure probably needs to be amended because certainly the property tax imposed back in 2011 is a lot different than the property taxes that's being imposed now. And then certainly the property taxes that would have been lost in 2023 when community colleges went off the property tax rolls. And so I, I-- if, if it's a mistake, it's a, it's a mistake that is, is being made explicit already in the statutes that we have for nameplate capacity tax and, and the governing statutes for how we got to where we are.

JACOBSON: What you're saying is we need to amend this even further to accomplish what we're trying to accomplish.

JON CANNON: I, I, I think that would be a wise idea, frankly. And, again, we're neutral. We would have no objection to that and we're happy to, to help as far as that's concerned. There, there was one

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 19, 2025

other question that you had, sir, I, I do want to correct it, if, if you'll indulge me just very briefly.

JACOBSON: Go for it.

JON CANNON: That was on the distribution of the nameplate capacity tax. The nameplate capacity tax is remitted to the Department of Revenue by each company, and then the Department of Revenue distributes that to every county. And then the county treasurer distributes the nameplate capacity tax that they've received on a quarterly basis based on the current levy.

JACOBSON: And so then they distribute it. So that's where my original question is how did this fail to go to the, to the recipients, the community colleges to begin with? And so the companies would have given it to, to the Department of Revenue, they had to send it back to the counties. And then at that point, it did not make its way to the community colleges, it got distributed to political subdivisions.

JON CANNON: Because it would be-- it was based on the current levy for that year.

JACOBSON: Gotcha. All right. I just wanted to-- I was just trying to figure out what caused the car to drive into the ditch.

JON CANNON: Yes, sir, and if we can get it to veer back onto the road, we're, we're happy to help.

JACOBSON: That's good. But I'd like to have the same car back and go to the right person.

JON CANNON: Yes, sir.

JACOBSON: Thank you.

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

JON CANNON: Thank you very much.

von GILLERN: Neutral testifiers?

LYNN REX: Senator von Gillern--

von GILLERN: Good afternoon.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 19, 2025

LYNN REX: Good afternoon. Senator von Gillern, members of the committee, my name is Lynn Rex, L-y-n-n R-e-x, representing the League of Nebraska Municipalities. We're here today in a neutral capacity on this bill. We certainly are very empathetic to any political subdivision, and that includes community colleges that are facing a hole in their budget. And we understand that there was-- what, what occurred here in terms of the timing and when they found out and how this would happen. I would just underscore that the League is in agreement with the testimony that Jon Cannon, executive director of NACO, just provided you. That said, we also understand that there-- we thought-- at least we thought probably the better way to go was to go before the Appropriations Committee. We're also sensitive, of course, to the fact that you're facing about a \$432 million deficit at this point, is what I understand, maybe a little bit more or less. But in any event, we would just-- we appreciate the great work of the committee colleges, not just the work and workforce development, but everything else that they do. And as Jon said, they are great partners on the local level and also regionally. So with that, we just wanted to indicate that we're neutral on this bill in terms of how you choose to move forward. But we do believe, too, that there is a difference in terms of how you approach an issue like this and that-- and Jon articulated that better than I could. So with that, I'm happy to answer any questions that you might have.

von GILLERN: Thank you. Questions from the committee? Seeing none, thank you for your testimony.

LYNN REX: Thank you very much. Thank you.

von GILLERN: Any other neutral testimony? Seeing none, Senator DeKay, would you like to close on your bill? And as you come up, there were six proponent letters received, zero opponent, and zero neutral letters, and no ADA testimony.

DeKAY: Thank you again, Revenue Committee, for hearing this bill today. When it comes to this bill, again, there were subject-matter experts that crunched the numbers before I became involved with it. But this bill simply just distributes the nameplate tax to balance the revenue stream between the different state subdivisions with the tax of 5% going to community college and 95% of it being proportionally redistributed through all state subdivisions or county subdivisions. Wayne County will still be \$800 ahead of where they were in 2023. They did not come to the table and say that, hey, you overpaid me when they got the windfall. So we're just balancing the scales to where we were before, and that's all this bill's going to do. Again, the purpose of

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 19, 2025

LB50 is simply to reinstate the nameplate tax revenue to the community college have been receiving prior to their funding model change in 2024. LB50 has no fiscal impact to the state, and as Dr. Barrett testified, and various submitted-- various other submitted letters emphasize, passage of this bill is one way to help sustain and grow our workforce. This is not a tax increase, nor is it a significant loss of allocation to any other entity that has the authority to levy property taxes. For many political subdivisions, we might only be talking about a couple hundred dollars in most instances. LB50 is simply a retention of an excise tax that supports the work of the community colleges in their district. I would appreciate a favorable consideration on this bill. With that, I will close and see if there are any questions. Thank you.

von GILLERN: Thank you, Senator DeKay. Any questions from the committee? Seeing none, thank you. This will close our hearing on LB50. We will open on LB637. Welcome, Senator Ballard.

BALLARD: Good afternoon.

von GILLERN: It's still afternoon? Yeah, it is.

BALLARD: I've heard you had a fun day.

KAUTH: Did you say it's Monday?

BALLARD: I've heard you-- I heard you had a fun day.

KAUTH: Fun day. There-- OK.

JACOBSON: It's always fun in Revenue.

SORRENTINO: I hope it's not Monday.

BALLARD: Just start over.

KAUTH: I know, it's like Groundhog's Day.

von GILLERN: All right. Welcome, Senator Ballard. You're welcome to open.

BALLARD: Good afternoon, Chairman von Gillern and members of the Revenue Committee. My name is Beau Ballard. For the record, that is B-e-a-u B-a-l-l-a-r-d, and I represent District 21 in northwest Lincoln, northern Lancaster County. I'm here today to introduce LB637, which would establish the Destination Nebraska Act. My aim with this

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 19, 2025

bill is to promote and develop a long-term general and economic welfare of the state and our communities by providing support for projects that will become a destination for out-of-state visitors. My vision for this bill is to successfully vie for tourism dollars not only with regional competitors such as Kansas City or Des Moines, but also look at international and national cities as well. My intention is not to craft legislation that creates another government building, strip mall, or gas station for people to just drive past. I'm working on legislation that will be transformative for our community. In this respect, LB637 with the right partners could be a game changer for Nebraska, bringing a more vibrant economic community to come to fruition. LB637 will set us down a path-- will set us on this path by allowing projects in Nebraska to apply to become a destination district by the end of this year. With this designation, the applicant would work with DED to apply for occupational tax within the district on land the applicant owns. That revenue would be available for use in agreement between DED and the applicant for expenses that further the purpose of the destination district. Additionally, the applicant would-be designation to not exceed 5,000 acres of land and no portion of that district would fall under the boundaries and authorities of cities or villages. The district would also be responsible for all utilities, roads and infrastructure, emergency-- and emergency services that are utilized by the district. With that being said, I do have an amendment to clarify some of the concerns. I'll grab a page real quick. I'll, I'll just kind of highlight what this amendment says, an easy to read amendment. It just says that the district will not be able to exercise any eminent domain and they also have to own all of the land before entering into the destination district. By applying for the Department of Economic Development, applicant would have till December 31, 2005 [SIC] under the proposed language. To qualify to become a district, the, the applicant is going to have to do five things. First, the applicant would have to describe the proposed project, which would include a description of existing developments, the cost for proposed developments, and the estimated new jobs it would create. Second, you'd have to provide a map showing the proposed outline of the district. Third, it would have to require--show how financing would be obtained and a description of that financing. Fourth, it would need to compose an outline outlining how the state region would benefit from the development, which must include taxes to be collected. And, lastly, it would be required to submit an annual report of the visitors to the district. After the application is approved, the Department of Economic Development and the department shall determine the rated occupational tax and impose

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 19, 2025

that tax on the district. I thank you for your consideration of LB637 and I'd be happy to answer any of your questions.

VON GILLERN: Thank you, Senator Ballard. Questions from the committee members? Senator Kauth.

KAUTH: Thank you, Chair von Gillern. So on the amendment, it says-- on line 4, it says, "All privately owned real property within a destination district shall be owned by the destination district applicant." So does that mean that if it's within there, someone has to sell to those persons?

BALLARD: That's-- no, no. So what the amendment is trying to do is, is saying we don't want to create a destination district with the hope of purchasing the land. It would be--

KAUTH: Got it. So they've already purchased it.

BALLARD: They've already purchased it.

KAUTH: Got it. Thank you.

VON GILLERN: Other questions? Senator Ballard, the-- would or could the destination district include existing retail?

BALLARD: That is my understanding.

VON GILLERN: OK.

BALLARD: Yes.

VON GILLERN: Then how can the fiscal note be-- show no revenue loss to the state?

BALLARD: Can you-- so-- can you clarify question? So I don't--

VON GILLERN: If, if it, if it includes existing retail, are those-- are the sales tax receipts still forwarded to the state?

BALLARD: Is the sales tax-- are still-- we're not changing the sales tax rate.

VON GILLERN: OK. All right.

BALLARD: Correct.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 19, 2025

von GILLERN: OK. All right. I'll, I'll have more questions as we-- but I want to listen to the testimonies as we go forward. So thank you.

BALLARD: Thank you. I appreciate it.

von GILLERN: Appreciate that. We'll invite up our first proponent. I, I do have to clarify, we can't--

JOHANNA BOSTON: They're for handing--

von GILLERN: Oh, are those for handing out?

JOHANNA BOSTON: They're, they're for handing out.

von GILLERN: OK. All right. Thank you.

JOHANNA BOSTON: You can use them as wallpaper, dart boards.

von GILLERN: Thank you. We'll just have the pages set them aside, and we'll take them at the end of the day. Thank you.

JOHANNA BOSTON: You bet.

ROD YATES: Hey, Johanna, do you want to-- we have a smaller version, Chair, now.

von GILLERN: Oh, you can hand them out.

ROD YATES: Yeah.

von GILLERN: Yeah, you can hand them out. Thank you. We have this funny thing about props so thanks for--

ROD YATES: Gotcha.

von GILLERN: I knew you knew that. Thank you.

ROD YATES: Thank you.

von GILLERN: You're welcome to open. Good afternoon. Good evening.

ROD YATES: Thank you. Thank you, Chairman von Gillern, members of the committee. My name is Rod Yates, R-o-d Y-a-t-e-s, and I am in, I am in support of LB637. By way of introduction, I am the owner/operator of Nebraska Crossing and have been for the last 12 years. Through a 1,000-acre expansion of Nebraska Crossing, a massive opportunity exists to create a new front door to Nebraska and create a center of

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 19, 2025

commerce for the state that rivals iconic projects like Mall of America. Our vision will take the state sales tax in Nebraska Crossing from the current level today of \$11 million annually to \$125 million annually at full buildout. It's a massive opportunity for the state. The American consumer is addicted to shopping and sports. In our Nebraska Crossing laboratory, we have created a new real estate asset category, sports real estate. We want to innovate the sports landscape with a groundbreaking investment to build a \$1 billion youth sports resort in Nebraska with strategic partnerships leading, leading us with global brands. This unique collaboration transforms the traditional investment approach for youth sports, creating an entirely new investment thesis for the influential youth sports market. By way of example, the youth sports market is over \$100 billion today, and it's a great opportunity for the state to see that tourism. In addition to building a youth sports resort, our project will include the following: men's and women's professional soccer teams, pro sports, Olympic sports, and e-sports. We will build 3,400 hotel rooms to accommodate the demands for the tourism. We will build 1,000 luxury residential units and bring 10 new-to-market luxury retail brands into the project. We also plan to build a furniture district with a collection of new-to-market brands. We will also build 2 million square feet of retail and entertainment space, including concepts from 4 different continents. 15 new-to-market restaurants will be in the project, including concepts from Italy and Mexico City. We will build a 12,500-seat outdoor soccer stadium and an 18,000-seat sports arena. One last comment. Here is a time out. We'll have a 400,000-square-foot convention center space. And really important to me is we're going to build a 150,000-square-foot health and wellness center sponsored by Tony Robbins of Fountain Life. Finally, through an Creighton University economic study, we will drive \$2 billion in annual retail sales to the district and over 20 million annual visitors to the project at full buildout. Thank you and happy to answer any questions.

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

SORRENTINO: Thank you, Chairman. Thank you for your testimony.

ROD YATES: Thank you.

SORRENTINO: If I could refer to the map, you have one in front of you.

ROD YATES: Yeah.

SORRENTINO: OK. So the district that you're proposing, then in the lower left hand corner is Nebraska Crossing. So the new district does or does not include Nebraska Crossing, which you currently own?

ROD YATES: Yeah. Nebraska Crossing sits on 40 acres, so that would be included in the 1,000 acres.

SORRENTINO: OK. And help me out, the Nebraska Crossing, if, if I remember right, was built with bonds originally?

ROD YATES: We used a combination of an occupation tax, which we're very fluent with, and TIF.

SORRENTINO: So if that property's included in the district, the community does not benefit from the bonds that were offered before?

ROD YATES: The bonds-- in our kind of imagination of how we're going to do the new district, we would retire all the existing bonds that exist today. We'll pay those off and then create a new bond based on existing Nebraska Crossing and the expansion.

SORRENTINO: OK. The areas-- I don't know-- are any of these areas that are potentially part of it, are they already annexed by the municipality, I guess, would be Gretna?

ROD YATES: No.

SORRENTINO: They're not.

ROD YATES: Of the 1,000 acres, only Nebraska Crossing and one other small piece is part of Gretna. Everything is "unannexed" in Sarpy County.

SORRENTINO: So they would lose control of a municipal-- municipality they already own?

ROD YATES: No.

SORRENTINO: OK. I'll have some more questions, but that's it for now.

ROD YATES: Yeah, that's great questions. And one of the things we did on that initial 1,000 acres is we had a town hall meeting with all those landowners you see in that 1,000-acre district, and it was a very positive meeting. We had great attendance, 90% of the folks showed up for it, couple participated to be a Zoom call. But we had a great response that they wanted to be part of the project and sell the

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 19, 2025

land. The other unique thing we did is we're offering those landowners to be shareholders in our development, which I don't believe has ever been done in Nebraska before, but that was well received as well, where we could lock elbows and partner up with those landowners and have them be part of the project.

SORRENTINO: I'll have some questions on tax in a few moments, but I'll let--

ROD YATES: Please.

SORRENTINO: --somebody else jump in. Thank you.

von GILLERN: Senator Kauth.

KAUTH: So two things. You're supposed to use TIF for this project?

ROD YATES: Yes, we'd propose that.

KAUTH: That is prime land in Gretna. I mean, the, the development for that land is off the charts. How on earth could it possibly be considered blighted enough to use TIF for that?

ROD YATES: Yeah. Let me, let me talk about the 1,000 acres. So in that 1,000 acres, there is zero infrastructure. There's no water, there's no power, there's no roads. It is starting with raw land. And so there's about a \$450 million investment that I have to make to make that land usable. So it's, it's setting there as raw land with no utilities whatsoever.

KAUTH: But wouldn't any developer have to invest? I mean, no matter the size of the project, you're going to have to invest that, but declaring land blighted enough to use TIF, that's not the intention of TIF. That, that land is prime development land.

ROD YATES: OK.

KAUTH: That-- that's, that's my question right now. Thank you.

ROD YATES: OK. Thank you.

von GILLERN: Other questions? Senator Jacobson.

JACOBSON: Thank you, Chairman von Gillern. Well, just to clarify, I, I agree with you that, that TIF and this-- I deal with this a lot in North Platte, or used to, not my headache anymore. But the farmland-- I, I always like to go back to the old example of what's the

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 19, 2025

definition of a weed? OK? Corn and soybeans are both crops, but if corn is growing in a soybean field, it's a weed. OK?

ROD YATES: Yep.

JACOBSON: So if you have farmland, it may be the best farmland in the world, but if you're using it for development, it's blighted because you don't have any infrastructure. You don't have roads, you don't have sewer, you don't have lighting.

ROD YATES: Right.

JACOBSON: That's what makes it blighted.

ROD YATES: Correct.

JACOBSON: And when you annex anything into a city that's going to be farmland, it-- you've got to put all that infrastructure in. And so that's why it's blighted. And if, and if you read through the statutes that's-- that would qualify as blighted and substandard. I guess the question I've got specifically is you said it's currently not part of-- it's not annexed into Gretna today.

ROD YATES: Correct.

JACOBSON: But you plan to annex it in, obviously?

ROD YATES: Our plan was to do it through the state. This, this project--

JACOBSON: Well, how do you qualify for TIF?

ROD YATES: I think that's part of the bill, is we're contemplating as having TIF be available through using the state as our agency partner.

JACOBSON: Wow, that's a whole new can of worms.

ROD YATES: Could be.

JACOBSON: Yeah, because right now you have to be inside the city limits--

ROD YATES: Right.

JACOBSON: --to qualify for TIF.

ROD YATES: Yep.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 19, 2025

JACOBSON: And then you said there's existing bonds. Are you talking about TIF bonds that are on the Crossing today?

ROD YATES: Yeah, there is.

JACOBSON: So you want to pay those off--

ROD YATES: Yes.

JACOBSON: --but then bring Nebraska Crossing into a new TIF bond?

ROD YATES: Well, as, as expansion of the district. We'd create a TIF bond for the expansion.

JACOBSON: That would include the existing--

ROD YATES: Doesn't necessarily have to, we're thinking more for the 1,000-acre expansion.

JACOBSON: OK. I'm just, I'm just trying to think through what's required for TIF and we seem to be tromping on a couple of big problems there.

ROD YATES: Yeah.

JACOBSON: Which would mean significant modification, I think, to the, to the TIF law.

ROD YATES: Yeah.

JACOBSON: Which is problematic.

ROD YATES: It's, it's such a-- I mean, it's Nebraska's first megaproject. I mean, it's \$5 billion to build this project and we're going to ask for some unique things, I think, to help us execute the vision. But it's, it's a tremendous opportunity for the state.

JACOBSON: And, and for what it's worth, I'm a, I'm a big supporter of TIF. I think it's, it's probably the only economic development program out there that is self-liquidating where the developer funds the bond, the developer pays for the bond, and the developer takes all the risk on the bond.

ROD YATES: Correct.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 19, 2025

JACOBSON: There's no other-- there's nothing else out there compared to everything else where the state's writing a check and not getting money back except through the development itself,--

ROD YATES: Yep.

JACOBSON: --which I get if that's part of economic development. I, I admire your ambition. You've been amazingly successful with Nebraska Crossing. It's-- but I, I do see some problems in terms of getting [INAUDIBLE].

ROD YATES: Yeah, we do, we do as well. But as it relates to Nebraska Crossing, Senator, we view we're in the first inning. We, we think this project has so much momentum and upside. The folks who will testify after me will talk about some of the users that are coming into the project. And it's a-- it's an amazing opportunity.

JACOBSON: Well, if you want to build a mirror of one more on the western edge of Interstate 80, let me know.

ROD YATES: OK.

JACOBSON: All right. Thank you.

ROD YATES: Thank you.

von GILLERN: Other questions? Actually, that was one of my questions.

JACOBSON: Oh, I figured it was.

von GILLERN: I do have a couple of questions. The bill allows for two developments, obviously this-- your-- this anticipates one.

ROD YATES: Yeah. Yes, sir.

von GILLERN: Is there any anticipation of a second location or--

ROD YATES: No, I think--

von GILLERN: --it just allows for it?

ROD YATES: Just allows for it, Chairman.

von GILLERN: OK. And, again, I'm sorry if I misunderstood or, or wasn't paying attention. Nebraska Crossing currently is part of the city of Gretna.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 19, 2025

ROD YATES: It is, the 40 acres there.

von GILLERN: So if it were to be included in this development, that would take that out of the city of Gretna.

ROD YATES: Today, that's the intent.

von GILLERN: OK. So it would be an economic impact to the city of Gretna.

ROD YATES: Yes.

von GILLERN: OK. Negative economic impact. OK. The bill calls-- says that development of 5,000 acres is allowed, but this is 1,000.

ROD YATES: Yes. What we were-- well, we-- as, as you know, Chairman, we've worked on this project for a few years now. We have users for up for 4,500 acres today. Our thought is to walk before we run and let's get the first phase open and, and let the, the community see how impactful this can be and look at expanding it from the 1,000 acres.

von GILLERN: I, I like that approach. Thank you.

ROD YATES: Thank you.

von GILLERN: And then Senator Jacobson robbed my other question, that is, who approves TIF? And if there's no-- if you're not-- because essentially you're, you're-- I don't even know the, the right term. I, I guess it's probably in the bill numerous times. But you're removing yourself from any city-- you're creating a city for all intents and purposes, and, and with bonding authority and taxing authority and everything else. So this is a very unusual approach, which I admire and, and I'm skeptical of equally, so I, I just-- it'll be interesting to, to, again, listen to some additional testimony and fill in some of the blanks.

ROD YATES: Thank, thank you, Chairman. This is-- this has been executed before. What you'll typically hear them call it is like a Disney district where Disney's built these around the country.

von GILLERN: I was trying to avoid that term.

ROD YATES: Yeah, me too.

von GILLERN: But you blinked.

ROD YATES: Essentially, it's a model.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 19, 2025

VON GILLERN: Yeah. OK. Thank you. Senator Sorrentino.

SORRENTINO: Just one more. Thank you, Chairman von Gillern. If, if this moves forward, is it likely that your, your company would do a development for all 1,000 acres? Or you might bring in some other developers, is that correct?

ROD YATES: Oh, absolutely.

SORRENTINO: And if you do, are you the sole person who approves those or does the state or the city or anybody else have an, an interest in who those developers might be?

ROD YATES: Well, I've been-- Senator-- great question, Senator. I've been doing this for a long time and-- 30-plus years, and we have some great industry relationships from the people who specialize in hotel, luxury residential, youth sports. You'll, you'll hear some of the testimony today talking about some of those specific expertise areas we want to bring into the project. So I view myself as the master developer of the 1,000 acres, and it's my job to really associate top operating brands to come be part of Nebraska with us. And so we've, we've got a lot of interest from some really well-run companies that want to be part of the project.

SORRENTINO: One last question. I thought I saw in the bill somewhere that the development has a 40-year term. Did I see that in there?

ROD YATES: For, for the occupation tax.

SORRENTINO: For the-- oh, just for the occupation tax.

ROD YATES: Yeah.

SORRENTINO: OK. Thank you.

ROD YATES: Yes, sir.

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

ROD YATES: All right. Thank you, everyone. Appreciate the time.

VON GILLERN: Thank you. Next proponent. Good afternoon.

JOHANNA BOSTON: Good afternoon. Chairman von Gillern and members of the committee, my name is Johanna Boston, J-o-h-a-n-n-a B-o-s-t-o-n, and I am in support of LB637. I am the technology and marketing

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 19, 2025

partner of Nebraska Crossing and have had the privilege to be involved with this incredible project for the last 12 years. Today, I'm here to speak in favor of the first phase of our \$5 million development, an expansive 1,000-acre site that will bring transformative retail, entertainment, residential spaces, and a youth sports resort to Nebraska. One of the key aspects to this development is our collaboration with Pioneer Sports, with Drew Brees as the principal investor. Drew is bringing \$1 million in economic impact to the state of Nebraska through his personal investments in the youth sports resort at Nebraska Crossing, enhancing the scope and vision of this project. Pioneer Sports will operate a state-of-the-art youth sports complex, creating a world-class experience for young athletes. As part of this, we are excited to partner with Woodward Action Sports, a renowned facility offering extreme sports, including skateboarding, BMX, rock climbing, bouldering, and outdoor tubing hills. This facility will not only promote sports but also foster healthy, active lifestyle for our youth and visitors. I, I do want to say that Pioneer Sports founder was supposed to be here, Drew Brees's partner, his daughter had a medical emergency in Chicago. He flew out this morning. Additionally, we will introduce WAVE Volleyball, a top-tier volleyball organization that hose-- will host mega tournaments. WAVE Volleyball is one of only 9 entities that can provide facilities in the U.S. capable of hosting 125 volleyball courts, simultaneously, attracting national and international attention. The founders of WAVE Volleyball have close ties with retired coach John Cook, bringing unparalleled expertise and credibility to the project. Alongside this, Mammoth Fieldhouse will provide state-of-the-art indoor sports facility, including pickleball, golf concepts with Mammoth's executive leadership experience with founders from Topgolf, Tiger Woods PopStroke concept. This venue will help elevate Nebraska's position as a premier sports entertainment destination. All these entities are proven to attract substantial traffic. Pioneer Sports, for example, has used historical data from its three existing facilities to project the economic impact for Nebraska Crossing. The facility is expected to host conservatively 272,000 unique youth athletes annually, many of whom will travel from out of state. For every athlete, Pioneer knows from experience that they travel at least with 2.2 to 3.2 companions. Based on this, Pioneer projects conservatively 590,000 companions in addition to the athletes, which will result in roughly 900,000 unique visitors annually, with the majority coming from out of state, each household is expected to spend around \$2,500. The estimate is \$680 million in economic impact activity.

von GILLERN: Need you to wrap up there, please.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 19, 2025

JOHANNA BOSTON: Yep, absolutely.

von GILLERN: Might be a good question coming.

JOHANNA BOSTON: Yep, absolutely. I do want to, if I can, just respond to the question that Rod Yates had about TIF, if I may?

von GILLERN: Let's, let's see if the question gets asked.

JOHANNA BOSTON: Should we-- questions first? OK.

von GILLERN: Would you like to ask that question?

JACOBSON: I'll ask that question.

JOHANNA BOSTON: Yeah, of course.

JACOBSON: Please elaborate.

JOHANNA BOSTON: OK. So anyway, there were other things that I'd like to say, but I appreciate the time. I'd be happy to answer any questions.

von GILLERN: Senator Jacobson.

JACOBSON: Talk to me about TIF.

JOHANNA BOSTON: OK. So for TIF, Section 9 provides that the destination district is considered a village and may do TIF through the DED. So I just wanted to offer that up. You guys are much smarter than me and you can dig into the bill. But I just wanted to offer that up that it is in--

JACOBSON: So it's a village. What's the name of the village?

JOHANNA BOSTON: Well, I don't know. What do you want to name the village?

JACOBSON: I got some ideas.

JOHANNA BOSTON: OK, perfect.

JACOBSON: OK.

JOHANNA BOSTON: Is it Jacobson Village?

JACOBSON: Yes. All right. Thank you.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 19, 2025

JOHANNA BOSTON: Yes.

von GILLERN: I'll jump, I'll jump in here.

JOHANNA BOSTON: Sure.

von GILLERN: With regard to the TIF and becoming a village-- OK-- now I got totally distracted. I lost my question.

JACOBSON: Like I said, it blew me away, so I [INAUDIBLE].

von GILLERN: Yeah, yeah. Well, I'm, I'm just thinking through-- I'm reading through it as I'm talking here. Again, a very, very unique approach with regards to the TIF. Oh, I know what it was. You said that would be through DED. How does DED feel about that? Have you had conversations with them?

JOHANNA BOSTON: We've had, we've had discussions all along with, you know, the prior bill. I'm probably not the person to answer that, to be honest.

von GILLERN: All right.

JOHANNA BOSTON: I would probably defer that to someone who--

von GILLERN: I think, I think that would be brand new territory for them. I mean, it's brand new territory for everybody, so.

JOHANNA BOSTON: Yeah, it's-- I, I, I don't think I would be mistaken to say that that has been at least a discussion with, with them. You know, it's definitely not something that hasn't been discussed.

von GILLERN: All right. Senator Kauth.

KAUTH: Thank you. Thank you, Chair von Gillern. Ms. Boston, so I feel like we're kind of hearing some deja vu because--

JOHANNA BOSTON: Yeah.

KAUTH: --2 years ago we heard you talking about this--

JOHANNA BOSTON: Absolutely.

KAUTH: --exact same thing.

JOHANNA BOSTON: You bet.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 19, 2025

KAUTH: What happened with the Good Life Districts?

JOHANNA BOSTON: Yeah. Again, I, I wish you could have asked Rod that. I think he-- but I can answer as best as I can. You know, our, our vision, we've worked closely to try and we had a vision. We have it-- we had a vision for the Good Life District, obviously, is what you're talking about. We worked very hard with the city to come to an agreement on how we were going to execute this. It just didn't work. We had different alignment. And so as far as deja vu, we're trying to get to a point where this is a viable district. We have the users. We, we have letters of intent. We have actively been working on leasing the 4,500 acres. You know, we have differences of opinions on how to-- how it needs to be executed. And we're at a point now where we're trying to do what we've been asked to do, whether it was from this state, etcetera, to bring this transformational project. If you read the letter, probably that was forwarded from former Senator Lou Ann Linehan, she'll spell out that it was never the intent of the bill, the Good Life District bill, for a city to have a windfall from state tax that was foregone. And so as a developer, we have to finance this project. Like Rod said, we have infrastructure that has to be put in and we have a viable project here that we know that we can bring to the state of Nebraska. And we're trying to do that. And so we were not left with a, a pathway forward with, with the bill as it was written.

KAUTH: And I have a follow up. You talked about the, the users. When we were talking about the Good Life District, you had an app that would track all the users.

JOHANNA BOSTON: Yes.

KAUTH: Aren't you being sued on that app right now?

JOHANNA BOSTON: I can speak a little bit on that. And I will say that-- I have to be very careful about this-- but I will say that we got information from our brand partners. You know, we have 190 global and national brands. There was a-- the, the actual lawsuit is from a company that we were told were using-- we got some information from our brands that-- I, I have to be really careful about saying this. But, essentially, they are, they are not a company that they stated they were. And so they-- we, we looked at the violation of the terms and conditions and we removed them from the platform.

KAUTH: So when you say they-- so I thought you guys had developed that app.

JOHANNA BOSTON: We did.

KAUTH: OK. So who is they?

JOHANNA BOSTON: The people that are-- that have filed the lawsuit. It's a, it's a, it's a reseller from-- they, they resell--

KAUTH: They resell the information that you collect?

JOHANNA BOSTON: No, no, no. They resell goods. They go into Michael Kors, Tory Burch, and buy product and then resell it online. I can't really speak to details because this is something that we passed onto, you know, legal entities that it-- I believe, it will be resolved.

KAUTH: Thank you.

von GILLERN: Senator Sorrentino.

SORRENTINO: Chair von Gillern. Thank you for your testimony.

JOHANNA BOSTON: Yeah.

SORRENTINO: And correct me if I'm wrong, when we came around this a couple of years, and I wasn't here, some of the reduction in the sales tax, the 2.75, it seems that maybe some of the issues were that money went to, I think, maybe the city of Gretna, and there was concern over who controlled those funds, should it have gone to the developer or the city? Under this new scenario, it would appear to me that the, for lack of a better word, the middle man, the city is out. So any funds flowing would be 100% controlled by you, the developer, is that correct?

JOHANNA BOSTON: We're not looking for-- and, again, I'll defer a lot of these questions. Probably, you'll have a lot of follow-up with, with, you know, the lobbyist, etcetera, that-- people that are much more versed in speaking about this. But, originally, yes, there was a reduction in state sales tax. We're not looking for that reduction.

SORRENTINO: Right.

JOHANNA BOSTON: We're looking for, like Rod said, TIF and an occupation tax. We currently have an occupation tax at Nebraska Crossing. So it's worked really well. And, yes, there were questions on who controlled the funds? And, you know, just to try and give you a high-level answer and, again, Rod Yates would be much more versed in answering this question, but I'll do my best, which would be that in

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 19, 2025

order to finance a \$5 billion project, we have to bond that-- those tax dollars. And the only way that we can finance that is to be able to have the ability to bond it. And if the city of Gretna has control of those funds, and we don't have any control of that, we don't have financing.

SORRENTINO: Can you help me through it? Because the occupation tax would be collected just as sales and use tax, I believe. So that's collected not by yourselves, but by the state. I'm trying to follow the funds. Where do they go from there? And if that's not a fair question to you, I'll ask--

JOHANNA BOSTON: Yeah, it's not-- you know, I, I, I don't want to give you the incorrect information, but, but, you know, basically, yes. If you go to Nebraska Crossing and shop today, you will see all the sales tax lined up. You know, the occupation tax, the 1.95%. The city of Gretna actually put a, a half a basis point, 50 basis point, sorry, on our mall to fund the city park a couple of years ago. And so you'll see those things laid out on our receipts from our brand partners.

SORRENTINO: It's OK then, if I ask somebody else about it--

JOHANNA BOSTON: Absolutely. Ask somebody that is--

SORRENTINO: --following, following you?

JOHANNA BOSTON: Yeah, absolutely.

SORRENTINO: Thank you.

JOHANNA BOSTON: Yes. Thank you.

von GILLERN: Senator Jacobson.

JACOBSON: I'll ask these questions and, and if you want me to defer, if you got somebody else who can answer better, that's great. I'm, I'm still wrestling with--

JOHANNA BOSTON: Yes.

JACOBSON: So you're really proposing to "de-annex" from Gretna, is that right as part of this process?

JOHANNA BOSTON: Yes.

JACOBSON: Do-- can you just voluntarily do that or does the city council have to approve that "de-annexation"?

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 19, 2025

JOHANNA BOSTON: I cannot answer that, but I would assume that people--

JACOBSON: Somebody will.

JOHANNA BOSTON: --will.

JACOBSON: OK. And then I'm just-- I'm still wrestling with the village structure with no residents, and when does the county commissioners get involved, and do you elect a council, and how does all that work?

JOHANNA BOSTON: Yeah, I believe a council will be elected and it will be run-- and, and, again, you know, you're, you're looking at a tech and a marketing chick. So, so--

JACOBSON: And I can ask the next question. So, basically, you're--

JOHANNA BOSTON: Yeah. And, and that would be a, that would be a Rod Yates's, you know, question. Unfortunately, he was first.

JACOBSON: --you run like any other village with no people?

JOHANNA BOSTON: Yeah.

JACOBSON: OK.

JOHANNA BOSTON: I guess.

JACOBSON: All right. Thank you.

von GILLERN: OK. I, I got a few questions.

JOHANNA BOSTON: Sure.

von GILLERN: Sorry, the questions are coming--

JOHANNA BOSTON: It's fine.

von GILLERN: --and, and some of these may have been more appropriate for--

JOHANNA BOSTON: Fire away.

von GILLERN: --for Mr. Yates so, so forgive me for that. And, and I also want to ask for, for some grace, because I don't mean to say this in a, in a way that's impugning or insulting in any way, but--

JOHANNA BOSTON: No problem.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 19, 2025

von GILLERN: --I've got a real credibility issue with what I'm hearing. This is the third time I've, I've heard proposals from this group. And in previous years, we heard that NHL hockey was coming, that USA volleyball was coming, that there was an Olympic training center. We heard about an app that was going to track all of this, and, and none of those things are-- none of those things happened, nor are they part of the current plan, as far as I can see. So I'm, I'm, I'm, I'm just struggling from a credibility standpoint when I hear we have these tenants, we have these clients,--

JOHANNA BOSTON: Yeah, absolutely.

von GILLERN: --it's all signed up, it's good to go, because this is the third time I've heard this.

JOHANNA BOSTON: Yeah. Respectfully, I can understand you saying that. Unfortunately, we are under NDA with many of those entities that you just talked about. So although they may not be on that plan in front of you, we gave you what we could because it's penciled.

von GILLERN: All right.

JOHANNA BOSTON: We can't-- we-- you know, without, without a legislative bill that works for us, we can't sign up a tenant for 20 years with no project, no partner. We don't have a partner right now. We need a partner. That's what we were seeking with the city of Gretna in the past. So, yes, I totally understand that. Those conversations, every-- everyone that you named is still in play.

von GILLERN: OK. For those that have-- maybe have not been as close to this conversation as I have, could you tell us what the status is of the Good Life District that you were-- that your group was previously approved for?

JOHANNA BOSTON: Yes. Well, we requested to terminate it through the DED.

von GILLERN: And has that request been granted? What's, what's the status on that?

JOHANNA BOSTON: It has not. They have a certain amount of time that they have taken to make decisions on if they want to terminate the district or what that looks like. Unfortunately, it's not clear, it's very vague in the legislative bill.

von GILLERN: OK. All right. Thank you.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 19, 2025

JOHANNA BOSTON: Yeah.

von GILLERN: I don't want to dive too far into this, but can--

JOHANNA BOSTON: No, go ahead. We're fine.

von GILLERN: I'm curious about how you would describe your working relationship with the city of Gretna.

JOHANNA BOSTON: I think that the, the city of Gretna and our, our relationship has broken down. We worked closely for over 2 years with the city council previously, the mayor as well, to work on this. I know it's been said in the, in the trades quite often that we were not communicative. But that is grossly untrue. We have had multiple meetings with city council members, senior city council members. They have seen, you know, merchandise plans like we've shown you in the past. We've had conversations very transparently on what we wanted to do, what we needed to do to be able to finance this project. We also had a term sheet in front of them for 6 months. We went through the term sheet before we actually ever brought it to the AG, the governor, and the DED to sign off. So these are things that we actually did work on after we presented the term sheet, and we, we basically haven't met since then.

von GILLERN: OK. All right. I'm sure there'll be further comment on that as we--

JOHANNA BOSTON: Sure.

von GILLERN: --as we hear from other testifiers, so. Any other questions? Seeing none, thank you for being here.

JOHANNA BOSTON: I appreciate it. Thank you so much.

von GILLERN: Next proponent. And now I get to say good evening instead of good afternoon.

MICHAEL VELA: Good evening, Chairman, Chairman von Gillern, members of the committee. It's an honor and a privilege to be here. My name is Michael Vela, M-i-c-h-a-e-l V-e-l-a. I'm in support of LB637. I'm the founder and CEO of World Champion Fantasy. I'm thrilled to introduce PlayerX to the state of Nebraska. It's the world's first nongambling kid family friendly fantasy sports protectable content platform in the world. At PlayerX, we're redefining the e-sports landscape by creating a safe, engaging environment where users and children can connect and experience a thrill of competitive gaming together. Our intent is to

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 19, 2025

put Nebraska on the global e-sports map, hosting e-sports tournaments here. The primary focus will bring e-sports professional globing-- global tournaments to Nebraska Crossing, alongside collegiate and high school national e-sports tournaments. PlayerX will be the driving force behind the immersive technology, sports and e-sports experiences, at both the national and international levels. With the support of this bill, Nebraska will become the epicenter of e-sports and sports technology, not just here in the United States, but throughout the world. There's a massive addressable market right now in the business of e-sports. E-sports or video game competition is a global phenomenon. The newly proposed PlayerX Arena at Nebraska Crossing will attract e-sports athletes, families, organizations, and tourists year round for competitions and events. Imagine a generation of children dreaming of visiting, attending, and competing in an iconic arena for years to come here in Nebraska. As universities increasingly offer scholarships for e-sports competition and athletes, we intend to encourage this collegiate initiative with yearly competitions here at Nebraska Crossing, providing students with invaluable skills for the future, career-- careers in this growing industry. Along with Big Ten scholarships and internships for Nebraska students in universities here in the state. By establishing PlayerX at Nebraska Crossing, we're not only fostering a vibrant e-sports community here, but stimulating local economies, creating jobs, inspiring the next generation of gamers, and tech enthusiasts with cutting-edge platform of technology to leverage VR, AR, and AI to deliver unparalleled experiences making every event at the PlayerX Arena at Nebraska Crossing a memorable one physically and digitally. Please join us in championing this transformative vision for Nebraska, where player-- PlayerX will evalu-- elevate the local landscape and position Nebraska as a global leader in e-sports and sports technology. Together, we can make history here. In addition to developing the next generation fantasy sports platform called PlayerX, we intend to have a 20,000-seat arena and global tourists from all over the world: Asia, Japan,--

von GILLERN: Can I get you to wrap up your testimony? We're on a time limit. Thank you.

MICHAEL VELA: --Europe, and other countries around the world. This will also be a mixed-use arena for other sports, such as volleyball, basketball, tennis, pickleball, and concerts. The annual revenue created from this arena alone will exceed \$100 million-plus a year. And this arena will also generate an estimated 1,000 new jobs for the state of Nebraska.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 19, 2025

von GILLERN: Thank you. Questions from the committee members? Seeing none, thank-- oh, I'm sorry. Senator Ibach.

IBACH: Thank you. I'm just wondering who the competition will be for you. I mean, are you-- I mean, we have Pinnacle Bank. We have a CHI Health Center. We, we seem to have some high-capacity locations already in the state. Are they competition for you or how will you actually enhance those experiences?

MICHAEL VELA: The problem with the existing traditional arenas that exist right now is the technology behind it for immersive experiences that the new generation wants. So without a technology platform that can broadcast those events to the younger audiences, they'll never be able to compete. Currently, right now, we are in a market of one with our technology that's patented and what we're building digitally. A physical arena like this will enhance that, that platform and, and create a new environment for children and young adults around the world.

IBACH: And where are you located currently?

MICHAEL VELA: Right now, the corporate office is in St. Louis, Missouri.

IBACH: But you don't have any other facilities similar to what you're intending to build?

MICHAEL VELA: No, this will be the first of its kind and one of the first of its kind in the world also on top of that, not just here in the United States, but also around the world. No one's really taken a stab at this, at this grand vision.

IBACH: Sorry. And tell me one more time what the capacity is?

MICHAEL VELA: 20,000 seats, 20,000 people.

IBACH: OK. Thank you.

MICHAEL VELA: Sure.

IBACH: Thank you, Chair.

von GILLERN: Any other questions? Seeing no other questions, thank you for your testimony.

MICHAEL VELA: Thank you very much.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 19, 2025

von GILLERN: Next proponent, please. Are there any other proponents?
Good evening.

TOM HEIMES: Hello, Senator von Gillern, members of the committee. My name is Tom Heimes, T-o-m H-e-i-m-e-s. I'm in favor of LB637. I'm the president of Heimes Corp, which has been in business for 30-plus years. We provide recycling of concrete products, fiber optics, insulation, pipework, sanitary sewer and water excavation services to small, medium, and large sites, plumbing and trucking services. I am also president of ESI, Environmental Solutions, Incorporated, which provides environmental services and cleanups. Over the years, we have assembled land for our excavation needs, which has taken us into land development. In 2020-2021, we purchased three properties within the district. Our original plan was for it to be used as an industrial complex, which included gas stations and industrial space for electricians, plumbers, construction companies. This was all approved by the city of Gretna and has been planted. We also had verbal commitments for approximately 40% of the land, some of which had written contracts prior to Rod contacting us. We were contacted by Rod Yates around April 22. We had created, we had created a plan for the property that we knew was good. But after hearing Rod's, it was obvious that his plan was better and superior for the state and their surrounding communities. It was quite obviously a larger vision, one that would pay dividends for future generations and, ultimately, Nebraska taxpayers. Our belief in this project, in this project is extremely strong since we have not reverted back to our original plan. However, waiting for movement over the last 4 years has left us anxious for a resolution because we're getting it to a point where it's not financially feasible to continue holding the land. I appreciate your time on this matter and I am looking forward to the passage of LB637.

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

TOM HEIMES: Very good. Thank you.

von GILLERN: Next proponent. Good evening.

TIM TUCKER: Hi. Senator-- Chairman von Gillern and members of the committee, my name is Tim Tucker, T-i-m T-u-c-k-e-r. I've been associated with the Heimes Corporation for around 16 years now and currently a shareholder in the firm. Prior to joining Heimes, I worked in the real estate development industry for over 21 years, building over 5,000 apartment units and multiple retail strip centers, office

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 19, 2025

buildings, commercial buildings. These properties were in Houston, Omaha, Lincoln, Des Moines, Minneapolis, and many small properties in South Dakota, Nebraska, Iowa, and Kansas. In my tenure in development, I have been exposed to numerous development concepts. What Rod Yates proposed at Heimes Corp a few years ago was a vision that not only was just a simple tract of land, which is mostly what we see today, but an entire area. We felt so strongly about this that we proposed that we held back on our own plans that we could be a part of something that could be destination-- a destination spot for our state as well as, as for their state's patrons to enjoy. For this reason, I'm also supporting LB637, legislative bill, to be advanced. Thank you so much.

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

TIM TUCKER: Thanks.

von GILLERN: Next proponent. Good evening.

MICHAEL EARL: Good evening or good afternoon. Thank you, Senator von Gillern and committee members, for hearing us. I appreciate that. My name is Michael Earl, M-i-c-h-a-e-l, last name is E-a-r-l. I'm in support of LB637. I am a commercial real estate broker at the Lund Company. I am the lead broker for the Lund Company and I've been in the commercial real estate business with the Lund Company for roughly 34 years. Rod Yates came to me a couple of years ago and asked me to work with him on acquiring land from these landowners, these property owners that are originally in the Good Life District and now into this new district that we're talking about today. So about 3 weeks ago, we had a town hall meeting that Rod referenced. Of that town hall meeting, there are actually 14 properties within the 1,000 square-- 1,000 acres. Of the 14 properties, there are 11 owners. So 3 owners own 2 properties each as opposed to just single-property owners like some are. In addition to the 1,000 acres, there are 2 families that own acreages, so they have residential property that they occupy within this 1,000 acres. At the town hall meeting, we, we had very good participation. We had 11 of the 14 property owners being-- 14 properties being represented. Of that representation, I think there was 8 or 9 actually present. We did a Zoom call, so some people that were out of state participated by a Zoom call. Rod has engaged me, again, to interface with the property owners. We actually have made offers to the property owners back in late November in 2024. Those offers were based upon appraisals that we had done or that Rod had done. We wanted to have a basis for making offers that were fair. So we've sent those out. I've talked to every property owner about those

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 19, 2025

offers, and we're waiting for this bill to be passed so we can actually negotiate the final terms of those agreements. All the property owners that we've-- that I've talked to are in favor of selling. Some have some issues that they need to address. Some family members still might occupy the properties or some family members are waiting for the, the matriarchs or patriarchs to pass away. And I hate to say it that way, but they're looking to get a stepped-up basis on the real estate, so. But from my interface with these people, they all are sellers, it just depends upon when that would happen. Any questions?

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

KAUTH: Thank you, Chair von Gillern. So when you give them an appraisal, is it based on what the property's worth now, today, or is it based on what the property could be worth if, if all of this comes to pass and everything that, that you say is going to happen, it's going to be worth several [INAUDIBLE]?

MICHAEL EARL: So to answer that, appraisers based their appraised value on past sales, they don't look into the future. That is part of their code. So, no, the answer is that they made the value or the appraised value at that point in time.

KAUTH: OK. Thank you.

von GILLERN: Senator Murman.

MURMAN: Yes. I think you said, if I understood correctly, that you talked to some of the property owners and they were supported, the ones that you said at least you talked to. So were there some you didn't talk to?

MICHAEL EARL: Yeah, there was one gentleman that-- or one-- two brothers that live in Germany. And so I have not been able to talk to them. However, they do have a cousin that owns two properties within this district, and I've talked to her. Her name is Barbara Bellequist [PHONETIC], and she has communicated with them. She sent them the offer that I intended to send them personally. So I have not talked to them. And then--

MURMAN: So with them, with, with them, that would include everybody and all the landowners?

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 19, 2025

MICHAEL EARL: Yeah, the only other person I have not talked to personally is a, a, a group that Rod has talked to almost every week. So I have not taken the liberty to reach out to them because Rod is in constant communication with them.

MURMAN: OK.

MICHAEL EARL: But everybody else, yes, I have talked to on the phone and I've communicated by emails. Again, I, I sent the offers to everybody in late November except for the, the gentleman in Germany. He did not receive it until January until I found out that Barbara was his cousin, and we were able to get that information to him then.

MURMAN: So the exception is someone that's been communicating with Rod you said.

MICHAEL EARL: Yes.

MURMAN: And, and that is-- is that a substantial landowner or a number of landowners?

MICHAEL EARL: Not substantial. No, they own approximately 12 acres--

MURMAN: OK.

MICHAEL EARL: --of the 1,000.

MURMAN: Thank you.

MICHAEL EARL: Yeah.

von GILLERN: Senator Jacobson.

JACOBSON: So the timeline for this to even acquire the land, it, it sounds like you got a couple of landowners that need to pass away before that land is going to be available.

MICHAEL EARL: I don't know if that's the case. That has been-- so that family has engaged a, a broker. We're supposed to meet next week. So--

JACOBSON: But if they're going to get the stepped-up basis, they've got to die first.

MICHAEL EARL: Correct. Yeah. And I, I think, and, and I understand the purpose of that. So-- but we have a, a, a, a route that we could go, we could lease the land until that happens. So we have a, a direction

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 19, 2025

that we can, we can make them not be a donut hole in the middle of a development.

JACOBSON: Right.

MICHAEL EARL: Yeah.

JACOBSON: OK. All right. Thank you.

MICHAEL EARL: Sure.

von GILLERN: Senator Sorrentino.

SORRENTINO: Thank you, Chairman von Gillern. There was a statement, could have been by Mr. Yates, maybe somebody else did, there's the possibility that some of these landowners perhaps could have equity in the project. Is that part of your offer on the land or is that two mutually exclusive things?

MICHAEL EARL: So that idea came later. So, again, we made the offers in November, late November, and Rod came to me with this idea of making them participate in ownership of an entire development, probably late January.

SORRENTINO: But it's not conditioned--

MICHAEL EARL: We did mention it-- sorry to interrupt-- we did mention that to him at the town hall meeting. The terms of, of what Rod wants to present to them has not been finalized. So--

SORRENTINO: But ownership would not be a condition of them selling?

MICHAEL EARL: Absolutely not.

SORRENTINO: OK. Thank you.

MICHAEL EARL: Nope. No.

von GILLERN: Other questions? I'm looking through here, I know I saw it earlier that it says in the bill that the land must be owned by the--

MICHAEL EARL: Applicant.

SOVIDA TRAN: That's in the amendment.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 19, 2025

von GILLERN: That's in the amendment. OK. That's in the amendment. All right. Thank you. I'm looking through the bill trying to find it. Thanks for the reminder. So that's in the amendment. So, like, just about every development project, you've got chickens and eggs.

MICHAEL EARL: Always.

von GILLERN: So how does, how does the land-- what does-- and some questions have already been asked, what does that timeline look like?

MICHAEL EARL: Well, it really--

von GILLERN: And, particularly, because there's a-- I think it's-- the enactment date here, it says the application is only good through the end of this year, I believe.

MICHAEL EARL: Yeah.

von GILLERN: December 31, 2025, may apply.

MICHAEL EARL: So our offers were all very similar as far as timing. We wanted to get as many properties under contract as we could. There was a lot of misinformation out there regarding the Good Life District and what was happening with, with the development itself, I should say. That's why we had a town hall meeting so we could clear the air of that. And we had very good response from the property owners that were there. So our-- Rod's offer that I submitted to these people calls for a June or July closing of this year.

von GILLERN: OK.

MICHAEL EARL: But, obviously, I, I, I assume it's predicated on this bill passing.

von GILLERN: OK, so there's an enactment date issue problem--

MICHAEL EARL: You'd have to--

von GILLERN: --possibly then?

MICHAEL EARL: --you'd have to ask Rod that question.

von GILLERN: OK. Senator Ibach, did you have a question?

IBACH: I do. Just one quick question, follow-up question. Does that land acquisition include the interchange and is that all secure?

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 19, 2025

MICHAEL EARL: You'd have to talk to Rod about that. But, no, that is not part of the 1,000 acres. That's a, a, a separate negotiation that Rod's had with the DOT.

IBACH: OK.

MICHAEL EARL: Nebraska DOT.

IBACH: OK. That answers my question. Thank you.

MICHAEL EARL: Yeah.

von GILLERN: OK. Seeing no other questions, thank you.

MICHAEL EARL: Thank you very much for your time.

von GILLERN: Yeah. Next proponent. Are there any other proponents? Seeing none, we can invite up our first opponent testimony. Evening.

MIKE ROGERS: Good evening, Chairman von Gillern, members of the committee. My name is Mike Rogers, M-i-k-e R-o-g-e-r-s. I'm a bond attorney at Gilmore & Bell in Omaha representing the city of Gretna. In LB637, there are no stringent requirements for establishing a destination district. There are only two simple criteria: the applica-- the applicant must demonstrate that total development cost will exceed \$3 billion and that the project will attract new-to-market destinations, and retail that will generate 10 million visitors per year. Demonstrate is not defined in the, in the bill, but it does not include any guarantees by the applicant or delivery of a performance bond or similar assurance that the \$3 billion development will actually get built. Further, there is no ability to terminate a district if problems arise. If development stalls, it would create a, a-- an undeveloped parcel in valuable, developable area of the state. LB637 allows removal of territory from existing city limits and eliminates the city's power to levy or collect taxes. This results in an impairment of contract problem for bonds, which have been issued by the city and sales taxes pledged for payment. It results in impairment of contract problems for tax increment bonds that are outstanding and also occupation tax revenue bonds. And it means all city services would fall to the county or other political subdivisions. Section 6 of the bill would allow a new state occupation tax to be imposed, turned over to a trustee, and then spent at the direction of the applicant, including on privately owned property. These are both problems under the Nebraska Constitution, since there's no exception to the prohibition on lending of credit of the state for this approach, nor can the state delegate decisions over expenditure of taxes to a

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 19, 2025

private party. It creates a new type of village, but solely for purposes of the community development law, apparently, in order to access tax increment financing. And the constitution only permits TIF for cities and villages. And creating a village with no process for incorporation, governance, or an elected board should not be regarded as a village for constitutional purposes and, thereby, makes tax increment financing constitutionally questionable, questionable for this entity. Further, it purports to allow a 20-year tax increment financing, which is unconstitutional as presented because it ignores the definition of extreme blight in the Nebraska Constitution. Section 5 provides that the applicant shall have the power to issue bonds, which is odd because of private corporations, organizational documents determine what debt obligations a corporate entity can incur, including bonds. The purpose of this provision is unclear, but it could be an uninformed attempt to pursue tax exempt financing, which is only possible by a governmental entity under federal tax law. I skipped over some of the provisions that I understand are included in the amendment, but I'll be happy to answer any questions.

von GILLERN: Thank you. Senator Jacobson.

JACOBSON: I want to go back to my "de-annexation" question. Obviously, the city of Gretna has quite a bit of money on the line there. And the, the, the occupation-- or the, excuse me, the local option sales tax is a pretty big number, I'm guessing, to go on the city of Gretna today. You're probably not going to want to watch that walk out the door. What is the process for "de-annexation" and can that be done without the approval of the city council?

MIKE ROGERS: Under this bill, the, the process would be the state approving an application to form a, a district like this, and that's it. That, that would be problematic, constitutionally problematic under the U.S. Constitution because it would impair contracts that the city of Gretna has, both with respect to tax increment financing for outstanding bonds, bonds that have the occupation tax revenues that have been--

JACOBSON: Well, I'm just going to back up to the TIF bond.

MIKE ROGERS: Sure.

JACOBSON: So doesn't the developer own the TIF bond?

MIKE ROGERS: They're not-- this-- the, the-- and your description of what normally happens in Nebraska for tax increment financing is

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 19, 2025

correct. It's normally the developer handles all of that, and that was originally how this tax increment financing was handled.

JACOBSON: So who owns the bond?

MIKE ROGERS: A bank in Colorado owns the, the TIF bond.

JACOBSON: Did they understand the risks when you do something like that?

MIKE ROGERS: There was-- yes. Now, the, the biggest risks, risks are typically before the development happens. It was not originally owned by the bank. It was originally owned by the developer. But 5 years into the project it was refinanced and, and purchased by a third-party bank. And, yes, they did understand the risks.

JACOBSON: How much-- I'm just curious how, how many dollars are left there?

MIKE ROGERS: I don't, I don't know offhand.

JACOBSON: I just, I just-- yeah, I just note to the public, don't buy a TIF bond. Just-- I'm just telling you, don't buy one. OK?

von GILLERN: We're going to move on with that. OK. Next question? Senator Sorren-- Senator Sorrentino.

SORRENTINO: I'm sorry.

von GILLERN: Oh, I'm sorry. Senator Kauth.

KAUTH: Thank you, Chair. Can we get a copy of those notes? I was trying to take notes as fast as I could, but can I have one of the pages make some copies for us?

MIKE ROGERS: I did hand in 12 copies.

KAUTH: Oh, there it is. Thank you very much.

von GILLERN: Other questions? Mr. Rogers, the-- you mentioned that this-- the bill would require pledging the credit of the state. The bill specifically says it would not.

MIKE ROGERS: Well--

von GILLERN: It would not-- shall not be considered an obligation of the state. Does that not make it so?

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 19, 2025

MIKE ROGERS: The lending of credit, the prohibition on lending of credit of the state in the constitution has, has been interpreted by the Nebraska Supreme Court multiple times, as not only meaning a borrowing by the state, but also giving tax dollars away to pay for privately owned things. So it's more expansive than the label would lead you to believe. And it's, it, it's using tax dollars to pay for privately owned things. There are exceptions to that. One is the constitutional permission for TIF. Another is constitutional permission for economic development programs.

von GILLERN: OK. One of the previous testifiers, Ms. Boston, talked about the conversations between their group and the city of Gretna. Were you a part of some of those conversations?

MIKE ROGERS: Some of them, yes.

von GILLERN: And I asked her to describe that relationship. How would you describe those conversations?

MIKE ROGERS: I, I would say the city is encouraging of this. They are-- obviously, Nebraska Crossing has brought tremendous value to the city of Gretna, and they would love to see more development happen and want to see information regarding those development plans and viability of the development before they agree to move forward. So they're eager to work with the Yates's team on development plans.

von GILLERN: So when you say, encouraging of this, are you saying that they are in favor of LB637?

MIKE ROGERS: No, not in favor of LB637, but in favor of transformational projects in that vicinity around Nebraska Crossing.

von GILLERN: OK. Thank you for the clarity. Any other questions? Seeing none, thank you.

MIKE ROGERS: OK. Thank you.

von GILLERN: Appreciate it. Next opponent.

LYNN REX: Senator von Gillern, members of the committee, my name is Lynn Rex, L-y-n-n R-e-x, representing the League of Nebraska Municipalities. We're here today in opposition to this bill. In reference to some of the comments, Mr. Chair, that you made, the League supported, in concept, the very first bill that you looked at in 2023. That bill cannot be implemented because it was unconstitutional on its face. But I'd like to walk you through just a

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 19, 2025

few things, but before I do that with this handout, I would like to just underscore the incredible effort that the mayor, the council, the legal counsel, and other representatives of Gretna have tried to make with the developer. In fact, over the years, and I've been doing this for some time, I've never seen a city put as much effort into trying to be collaborative with a developer. But this gets to the issue that we're going to talk about with this handout. There are constitutional frameworks and constitutional limitations. So let's talk about what some of those are. And I know Mr. Rogers referenced some of those. But the first thing would be Article XIII, Section 3. We've talked about before, and I know one or two of you have asked me, what does this look like? Here is the constitutional provision: The credit of the state shall never be given or loaned in aid of any individual, association, or corporation. What does all of that mean? You look at the yellow highlight under the annotation, which refers to the Chase v. County of Douglas case. That case basically said that basically the county and the city, you're not going to do something indirectly that you cannot do directly. You have to have authority to do it. You cannot just give funds, if you will, that are-- to a private individual. There are certain limitations with respect to this. And so, essentially, it's because of that case that the League back in 1990, took us 3 or 4 years to get it through the Nebraska Legislature, but basically LR11CA was placed on the ballot in 1990, which passed overwhelmingly, and it amended another section that we're going to talk about briefly, and I should reference this on page 2 of your handout, just to make this clear. You'll note the last yellow highlight on page 2: The prohibition against loaning of credit applies to the state and all political subdivisions thereof. In other words, it's not just municipalities and counties, it's the state itself in terms of lending the credit of the state, which means you, too, cannot do indirectly that which you cannot do directly, and that is you just give money over to the private sector without certain limitations. On page 3, Article XIII, Section 2, LR11CA, this was the constitutional amendment that we placed on the ballot in terms of the Legislature doing it, and the League worked hard to get that passed. That resulted in actually what was the enabling legislation for LB840. LB840 requires a vote of the people. Those are local economic development programs. We've got a number of municipalities, I believe 83, that have adopted that. But I think what's important to understand is, that became the basis for what you passed last year in 2024 to make this act, the Good Life District Act, operational and done in a constitutional way. And that is why you basically had a vote of the people in Gretna to show you the effort that the city of Gretna put forward, along with many, many others, and basically having an

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 19, 2025

election as required because it is an exception to the constitutional prohibition. And if anyone could ask me a question, I would appreciate it. But if not, I understand, too.

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

SORRENTINO: Thank you, Chair von Gillern. Could you please finish?

LYNN REX: Thank you very much. I certainly appreciate that. So thank you. So on page 3, Article XIII, Section 2, basically, this is a background on the Good Life District legislation. LR11CA passed in 1990. That's what we put forward for local economic development district programs. And that, by the way, is the foundation for what became a bill that now you passed in-- with LB1317 in 2024. This committee advanced LB1374. That was adopted as an amendment into LB1317. Again, requiring a vote of the people. That was necessary because in, in 2023, when the Legislature passed LB727, it could not be constitutionally implemented. And so, basically, Mike Rogers-- and I give him the credit as well as the city of Gretna-- came up with a constitutional way to make it work, because the city of Gretna has worked really hard to try to make this work. But I can assure you that if a city is asked to do something that is unconstitutional on its face-- and, by the way, this bill is unconstitutional on its face-- they cannot do it. And they couldn't do what was originally passed with LB727, but they can do, and they've been working to do it with LB1317. And, by the way, their election was successful. So if you want to see what the actual language is, I'd reference you on page 4. This is the language of LR11CA that passed in 1990. Page 4, the yellow highlight, and basically-- and I've highlighted in bold, black bold face approval by a vote of the majority of the registered voters. That's what's happened in Gretna. The, the citizens of Gretna approve this with a vote of the people, again to try to implement the bill that you passed in 2024. I'm going to skip a couple of pages and just finalize on page 7. This is Article VIII, Section 12, I think Senator Jacobson's, one of his favorite exceptions to the constitutional prohibition against lending the credit of the state, and that's tax increment financing. So I've just highlighted for you, notwithstanding any of the provision of the constitution, that occurs twice here. That was true as well with LR11CA. So bottom line is, what's really important to understand is what does this bill do? And as the city of Omaha has pointed out in their opposition to this online, this is sort of a, a de facto annexation that can be done by a destination district. And in terms of "de-annexation", that's essentially what's being done here, too. I don't know how, how one could do that

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 19, 2025

constitutionally and, I think, Mike Rogers addressed that. You simply cannot. So there are a number of ways in which this bill is unconstitutional. And if we had about a couple of hours, I know Mike Rogers could do a great primer on the number of ways in which this bill is unconstitutional on its face, well-intended but unconstitutional on its face. The city of Gretna stands ready and is ready to work not only with this developer, but with other developers. And, in fact, is doing so. So with that, I'm happy to answer any questions that you might have.

von GILLERN: Thank you. Any other questions from the committee? Seeing none, thank you for being here. Appreciate it.

LYNN REX: Thank you so much for your consideration.

von GILLERN: Next opponent testimony. Is there any other opponent testimony? Seeing none, is there anyone that would like to testify in a neutral position? Good evening.

KORBY GILBERTSON: Good evening, Chairman von Gillern, members of the committee. For the record, my name is Korby Gilbertson. It's spelled K-o-r-b-y G-i-l-b-e-r-t-s-o-n. I'm appearing today as registered lobbyist on behalf of the city of Gretna in a neutral capacity. I know you're all going, how are you in a neutral capacity? Because I'm going to talk about something that has nothing to do with the bill, but, but rather a letter that was sent to all of you that we became aware of today. And I was asked to come and clarify some of the assertions made in that letter. You all received a letter from former Senator Linehan, which refers to the bill, but then mostly talked about the existing Good Life District, which my understanding is this bill has nothing to do with that. So I do want to make it clear, first and foremost, the city, as she pointed out, the mayor and the city have and continue to be very grateful for the vision and the positive impact Mr. Yates has had on the Gretna area and his dedication to that area. And the city would like to work with him on this. It's unfortunate that former Senator Linehan was either given some misinformation or didn't verify the information she had in her letter. So we wanted to address some of the inaccuracies in the letter that was given to you. In the letter, it asserts that certain real estate transactions would not have taken place without passage of the original Good Life District legislation, which was passed in 2023. Facts: The city purchased the land for the park that was referenced earlier by the proponents in 2010. The city then started comprehensive planning for 20-- that was finalized in May of '22 after a full year of discussions and work through groups that talked about where they would place their community center and other

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 19, 2025

things. Mr. Yates and other people were part of those discussions. There were numerous meetings. One specifically happened with Mr. Yates and his team in July 30 of 2021. In August of 2021, the RFP was let in October, there were interviews. Finally, in May 3 of 2022, the Crossings Corridor Master Plan was adopted by the Gretna City Council. So the timeline for this is very different than would be proposed in the letter that you received. And the specific piece of land that was talked about in the letter that was purchased in 2024 is actually outside of the Good Life District. I believe the letter said it was inside. It was actually outside of the Good Life District and was purchased outside of the Good Life District to protect the taxing, the taxing ability of the land in the Good Life District. I'd be happy to take any questions.

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

SORRENTINO: Thank you, Chairman von Gillern. My question-- are you done with your testimony or was there more?

KORBY GILBERTSON: There's a little more, but it's-- I can--

SORRENTINO: Could you, could you just finish? I want to--

KORBY GILBERTSON: Sure.

SORRENTINO: --just see if I have it. Thank you.

KORBY GILBERTSON: So I think the point is that when you look at the master plan, which is available on the city of Gretna's website, and also they'd like to point out that they recently found out that they're going to be receiving an award for planning excellence for this plan. But this plan was done long before the Good Life District bill was passed. And so to assert that somehow all of this had happened after the Good Life bill came about is misleading.

SORRENTINO: Thank you.

VON GILLERN: Did you have another question?

SORRENTINO: I do not.

VON GILLERN: That answered your question. Senator Jacobson.

JACOBSON: I just want to clarify one thing, and maybe you don't know the answer to this, but I'm, I'm assuming when Mr. Yates testified and said that there was a half-cent sales tax imposed to be able to do

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 19, 2025

this park, I assume that is a citywide sales tax of a half a cent. It didn't single out anyone?

KORBY GILBERTSON: That's my understanding.

JACOBSON: And--

KORBY GILBERTSON: But I can stand to be-- I can find out for sure.

JACOBSON: Yeah. Well, thank you. I, I-- a lot of this smells like a big lawsuit, but.

von GILLERN: Seeing-- I-- just a quick question. The-- there was-- been-- it's been mentioned of conversations back and forth between the city. I've asked a couple of folks what that relationship is like. You described that the city of Gretna desires to work with-- that Nebraska Crossing has been a great partner, and they desire to try and make something great happen here and that's fantastic. There was talk about a term sheet that was presented. Was that just unworkable? What, what was the issue with the, with the term sheet?

KORBY GILBERTSON: So-- and I will forward to all of you a copy of the term sheet. And interestingly enough, that is what precipitated the city hiring me. I got a call in, in July saying that the city had just received a term sheet or certain city council members had received a term sheet with a demand that it be signed by the end of the month and they did not know what to do because part of that term sheet, which I will send to you, alludes to the fact that the city would be using eminent domain to then hand over property to the developer amongst about a dozen other things. In the cover email that was received with the term sheet, it stated that the Attorney General had approved the term sheet. I then, immediately after I was hired, called the Attorney General and asked him. I was a tad bit surprised he would approve such a term sheet. His exact words to me was I did not approve the term sheet. I advised them that the term sheet did not put the state at any risk, that I am not a lawyer for the city and I am not saying that the term sheet is approved. I would encourage all of you to ask him this question, as I have heard this repeated more than once. The term sheet was signed by the governor and by the director of Department of Economic Development, and that is what concerned the, the city and why they hired me to help them kind of negotiate or navigate what was to come next. And one of the things that happened was the city reached out and said that they would be willing to negotiate on the term sheet, but there were obviously certain things they could not agree to. It was at a public meeting in front of the city council where I

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 19, 2025

believe it was Ms. Boston testified in front of the city that they were not interested in negotiating, that that term sheet was to be signed or they were walking away from the project.

von GILLERN: OK. And, and I'm not, I'm not looking to dig up dirt--

KORBY GILBERTSON: Yeah.

von GILLERN: --from the past. What I am interested in, is understanding of how receptive the city of Gretna is to this concept. And if there, if there are such injuries to the relationship that there would be no possibility of moving forward.

KORBY GILBERTSON: I don't think that's the case at all.

von GILLERN: OK. All right.

KORBY GILBERTSON: I think that Mayor Evans has made it very clear numerous times that he would happily work with Mr. Yates and his team. Unfortunately, since I've been on board, there have been offers to meet and never once has a meeting taken place, so.

von GILLERN: OK. So-- hope I'm not beating the dead horse now. The-- you're testifying in a neutral capacity.

KORBY GILBERTSON: I am because I'm talking about something that's not supposed to be a subject of this bill. But, unfortunately, I--

von GILLERN: But we're talking about the bill.

KORBY GILBERTSON: But I think-- well, I'm not, I'm not. I'm talking about the Good Life District because that's the-- that's what we're operating under. This is my understanding, is a new concept. So I'm not talking about that. I'm trying to clarify what was brought up in the letter.

von GILLERN: Does Gretna not have a position on LB637?

KORBY GILBERTSON: LB637, they're opposed to.

von GILLERN: OK. All right. OK. Any other questions? All right. Seeing none, thank you.

KORBY GILBERTSON: Thank you.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 19, 2025

von GILLERN: Any other neutral testimony? Seeing none, Senator Ballard, as you come up, we had 1 proponent letter, 6 opponent letters, zero neutral, and no ADA testimony, so.

BALLARD: Thank you, Mr. Chair. And I'd like to thank the committee for their, their patience today. I know you have another bill ahead, so I'll, I'll try to be brief. I just-- I, I thank Mr. Rogers and, and Ms. Rex for coming in and, and testifying. I, I think they bring up some valid points, but I, I think they are categorizing-- that they misinterpret the, the department's involvement in, in this bill. Like, we're not-- I'm, I'm going to say the word-- it's a-- it's not the Disneyland project, it's not, it's not a developer out on its own. There's proper oversight from the Department of Economic Development. And that's something that I was very careful in making sure when bringing this bill. So we're willing to work with the committee and the cities on making sure that they're comfortable as well. In closing, I-- why I brought this bill was, as many of you know, as I knocked doors, we talk, we talk about property tax. And there's no way that we can-- there's ways, but it's going to be hard. If we do not bring more revenue into this state, it's going to be hard to make lasting property tax changes. And so that's one of the primary drivers behind this bill is bringing in more revenue to the state, new, new dollars from regional, international. You heard stories today with the new individuals that are going to come into the state and bring dollars in and then bring that to the state General Fund and help reduce property taxes. And so that's one of the, the issues that I'm focused on in bringing this bill. The other is, I'm a few years away from, from high school and college, but I will say most of the individuals I graduated with-- it's 12 years-- so most of the individuals I graduated with, they, they, they moved away. They, they went to communities like Knoxville and Kansas City and Denver, and they went there because of the amenities. They, they, they wanted to be closer to restaurants and shopping and sporting events. And something that the vision of this bill would bring in. And so that's part of it, is I want to be part of that economic-- I want the Legislature to be a-- have a hand in economic development in this state. So with that, I'd be happy to answer any questions.

von GILLERN: Thank you. Questions from the committee members? I'm, I'm curious. This is-- this puts a pretty big lift on DED on some things that, to my knowledge, they've never done before. What conversations have you had with the Department of Economic Development about their ability to do the things that this bill says and their willingness to do the things that this bill says?

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 19, 2025

BALLARD: Yeah. And if you look at--

von GILLERN: [INAUDIBLE]

BALLARD: Yeah, absolutely. And if you look at the fiscal note, they, they ask for a healthy amount of new employees to help fulfill this bill. We'll-- individuals-- I'm willing to add some provisions in this, in this legislation that wouldn't-- maybe make an application fee or something to kind of offset those costs and bring it out from the, the General Fund dollars and help-- maybe have some more staffing. Because I think the, the economic output outweighs the, the cost to the state. But, yes, you're absolutely right. We need to have-- I-- the first, the first meeting with DED was just to explain the bill, what it did. And they're going to take it back and talk about it. And so we need to have more conversations in the future.

von GILLERN: OK. That, that was my question.

BALLARD: Yes, absolutely.

von GILLERN: Are they, are they cheering this over the line or are they--

BALLARD: I, I would not say--

von GILLERN: --running the other direction?

BALLARD: They did not come in support, but they didn't come in opposition or neutral either. And so they just need to have some additional conversations.

von GILLERN: OK. That's fair. All right. Any other questions? All right. Seeing none, that'll close our hearing on--

BALLARD: Thank you, Chair.

von GILLERN: --LB637. Thank you, Senator Ballard. Welcome, Senator Bostar. You're welcome to open on LB710.

BOSTAR: Good evening, Chairman von Gillern and 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. Today, I'm here to present LB710, legislation that increases the Nebraska earned income tax credit from 10% to 20%. This is a bill the committee has seen before. I'm sort of-- I'm going to cut down my, my open a little bit here. Bill-- this bill has been before the committee a few

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 19, 2025

times. It's a very straightforward bill. We currently match the federal earned income tax credit at a rate of 10%. This would make it 20%. I will just note, because I, I think it's accurate and I enjoy the quote that President Ronald Reagan described EITC as the best anti-poverty bill, the best pro-family measure, and the best job creation program ever to come out of Congress. And I think there's a lot of reasons for that. But I think a lot of you understand what this is. This is a good thing to do. This is good for our whole economy. This is good for people who need support. And with that, I'd be happy to answer any initial questions.

VON GILLERN: Questions from the committee? Senator Sorrentino.

SORRENTINO: Thank you, Chairman von Gillern. Having not been--

BOSTAR: He didn't get the memo.

VON GILLERN: We have no where--

SORRENTINO: I was out for one second.

VON GILLERN: --we have no where to be.

SORRENTINO: Having not been a member of this esteemed body, it's come up a number of times. What was the opposition? I'm just curious.

BOSTAR: It just costs money.

SORRENTINO: Just revenue?

BOSTAR: Yeah. Yeah.

SORRENTINO: Not philosophical?

BOSTAR: No, I mean, we've even put it in various bills in committee, in, in larger packages--

SORRENTINO: It just never got through?

BOSTAR: --that-- yeah.

SORRENTINO: OK. In the interest of brevity, I'm done.

VON GILLERN: Thank you. Senator Kauth.

KAUTH: So I have, I have agreed with this bill every time we've brought it, pending being able to pay for it. And we have not been

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 19, 2025

able to get rid of our sales tax exemptions, which would pay for it, but this has a \$29 million fiscal note.

BOSTAR: Well, Ronald Reagan would appreciate your support.

KAUTH: I'm sure he would.

SORRENTINO: Rest his soul.

KAUTH: He would also appreciate my fiscal conservativeness in saying how do we pay for this if we're not able?

BOSTAR: I think he feels like this is worth it.

KAUTH: Does, does he? OK.

BOSTAR: I-- that's my-- that's-- yes.

KAUTH: That's-- that, that is my only concern with this.

BOSTAR: Yes.

von GILLERN: Thank you. Other questions? Senator Bostar, what would-- pick a family of four family income-- I don't know \$50,000, \$60,000. Do you have any, do you have any guess on what the impact of the increase in, in this credit would be?

BOSTAR: Married, filing married jointly--

von GILLERN: Sure.

BOSTAR: --or separated, widowed? Which would you like, Chairman?

von GILLERN: Married, filed jointly, a couple of kids. Is it \$100? Is it \$1,000?

BOSTAR: Well, so just eligibility for, let's say, three kids, it stops at \$66,000.

von GILLERN: OK.

BOSTAR: So, you know, the maximum credit-- if you have three or more qualifying children, so they're, they're solely your dependents, you meet all of the other work conditions, you know, you have the, you have the earned income to base the credit off of, maximum credit, \$7,830; no qualifying children, maximum credit of \$632. So there's your bit of a range. Once you have children in the mix-- it's actually

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 19, 2025

very difficult to qualify for the credit if you have no dependents. But once you start entering dependents in the mix, one, two, or three-plus, that steps the credit from--

VON GILLERN: That's the federal credit you're, you're reading.

BOSTAR: That's the federal credit. So we're talking about going from 10% of that to 20% of that.

VON GILLERN: OK. Got it.

BOSTAR: Sorry. I should have clarified that.

VON GILLERN: No, no, I knew where you're going. I just want to make sure the record clarified that. Senator Sorrentino has another question.

SORRENTINO: Clarification [INAUDIBLE].

BOSTAR: We're acting like it's 1:30.

SORRENTINO: I don't think I've ever seen one at 10% more than \$600 or \$700 on Nebraska's return. So it's not going to be all that much money to go to double it. It's just not.

VON GILLERN: Yeah. Yeah.

BOSTAR: You're-- so you're saying we should go more?

SORRENTINO: Well, no, I'm not against it, I'm just saying--

BOSTAR: Oh, I appreciate it.

SORRENTINO: --it is not-- per family, it is not a big number. It's just not.

VON GILLERN: OK. Thank you. All right.

BOSTAR: Sounds like we should advance it now.

VON GILLERN: Seeing no other questions-- we'll go through the process--

BOSTAR: All right.

VON GILLERN: --just for fun.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 19, 2025

BOSTAR: Fair enough.

von GILLERN: Just for fun. Seeing no other questions, will you stay to close?

BOSTAR: You know, I was going to head out, but.

von GILLERN: I'd recommend it.

SORRENTINO: Can we go with?

von GILLERN: We'd invite our first proponent testimony. Thank you. We're getting a little "loosey" tonight. It's getting late, so please, please forgive us.

ELIAS PRITZA: That's all right.

von GILLERN: This is a very serious topic. We're glad you're here.

ELIAS PRITZA: I'm glad to be here. Good evening, Chairman von Gillern and members of the Revenue Committee. My name is Elias Pritza. That's E-l-i-a-s P-r-i-t-z-a, and I'm a policy fellow at OpenSky Policy Institute. We're here today to testify in support of LB710 because it will help provide effective, targeted economic support to low-income Nebraska families. Nebraska's current earned income tax credit, or EITC, which is set at 10% of the federal credit amount, has already proven itself to be an effective way to help reduce poverty, spur economic growth, and help low-income workers and their families make ends meet. By increasing this credit to 20%, LB710 would enhance these positive outcomes for low-income Nebraskans and for the state as a whole. A robust body of research indicates that increasing low-income families' earnings via the EITC, both improves their immediate well-being and promotes positive long-term outcomes. For instance, the EITC brought 6.5 million people out of poverty nationwide in 2018, including 3 million children, and reduced the severity of poverty for an additional 16.5 million people, including 6.1 million children. Additionally, children and families who receive the EITC are linked to having better childhood nutrition, improved school performance, higher rates of college attendance, and higher earnings into adulthood. And since research shows that EITC recipients typically spend the money they receive from the credit on necessary household expenses like rent, groceries, and other basic goods and services, much of it flows directly back into the local economy. As a result, Nebraska sees a strong return on its investment in the EITC. Studies from other states estimate that every \$1 of spending from the EITC benefits generates between \$1.50 and \$2 worth of new local economic activity. And,

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 19, 2025

finally, modeling from the Institute on Taxation and Economic Policy estimates that over 95% of this increased credit would go to the lowest 40% of earners in Nebraska, whose annual incomes are about \$32,000 on average. And, nominally, that translates to an average of \$290 in additional income from the credit per household. And it's also worth noting that LB710 would be particularly beneficial for low-income households without dependent children, since they receive significantly less from the EITC than households with children. For tax year 2024, the federal EITC was capped at \$632 for households without children and the maximum amount that those households can currently receive from Nebraska's 10% EITC is \$63. LB710 would double that amount to \$126. And so for these reasons, OpenSky supports LB710. Thank you for your time and for your patience this evening, and I'm happy to answer any questions.

von GILLERN: Thank you. Thank you for your patience, sitting through all the other hearings. Questions from the committee members? Seeing none, and thank you for filling in the dollar question that I had earlier. Appreciate that. So--

ELIAS PRITZA: Yeah, you're welcome.

von GILLERN: --thank you. Any other proponents? Are you proponent?

GARRET SWANSON: Yes, sir.

von GILLERN: All right.

GARRET SWANSON: Sorry, I got to cross off a Ronald Reagan quote quick.

von GILLERN: It's a good one.

GARRET SWANSON: It is a good one. Chairman von Gillern and members of the Revenue Committee, my name is Garret Swanson, G-a-r-r-e-t S-w-a-n-s-o-n, and I'm here on behalf of the Holland Children's Movement in support of LB710. Thank you for taking the time to hold this hearing, Senators. It's, it is very rare that we get to discuss a piece of legislation that can have such a massive impact so soon after passage. The earned income tax credit is one of the most effective tools the government has to alleviate poverty. According to the Center on Budget and Policy Priorities in 2018, the EITC lifted 5.6 million people above the poverty line. When the American Rescue Plan Act was passed and the EITC was expanded, 17 million people were directly impacted. When combined with the child tax credit, child poverty decreased dramatically. Expansion of the EITC is not a new conversation for this Legislature, it has been a topic of discussion

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 19, 2025

since Senator, Senator Patty Pansing Brooks introduced LB495 in 2015 to expand the EITC from 10 to 13% in 2016, then to 15% in 2017. Since then, Nebraska has unfortunately fallen behind in keeping up with other states in expanding the EITC. Although conditions vary, Colorado has set a 50% match for taxpayers in the year 2024, Michigan has expanded theirs to 30%, while Massachusetts expanded theirs to 40%. Of course, just because of-- because another state does something doesn't necessarily mean our state should, plus this bill comes with a not so insignificant fiscal note while we're currently facing a budget deficit. I understand that these are big hurdles, but big hurdles allow us to come up with bold solutions. Passage of this legislation will inherently require a wider conversation about how to balance the budget while benefiting low- and middle-income Nebraskans the most. That may require us to implement a more progressive tax system to raise revenue, or it may require us to pause income tax cuts for high earners. Whatever the conversation leads to, we would like to thank Senator Bostar for bringing up this piece of legislation, and we hope that it will be given serious consideration by the committee. Thank you.

von GILLERN: Thank you. Questions from the committee? Seeing none, thank you, Mr. Swanson.

GARRET SWANSON: Have a good night, everyone.

von GILLERN: Thanks. Any other proponents? Seeing none, are there any opponents? Seeing none, any neutral? Seeing none, Senator Bostar, would you like to close?

JACOBSON: Waives his close.

von GILLERN: Closes out strong.

JACOBSON: Waives his close.

BOSTAR: Thank you, Chairman von Gillern, members of the committee.

von GILLERN: Oh, excuse me. I'm sorry. I should have read this on your way up. We had 43 proponent letters, 1 opponent, and zero neutral. OK. Sorry.

BOSTAR: Thank you, Chairman von Gillern, members of committee, for your attention to this important bill. On, on a, on a very real note. So I, I worked for-- I volunteered for several years in the VITA program. So if you're not familiar with it, it's the IRS's Volunteer Income Tax Assistance Program where folks can get certified and, and,

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 19, 2025

you know, if they're qualified and help individuals who are, are lower income file their tax returns. So I did that for several years. And this-- EITC is what makes the livelihoods work for more people than I think anyone understands. It, it closes a lot of gaps for folks who need it. And, again, these are working people. You can't get this unless you are working and you need to be working a lot. I mean, in order to get the real, the real returns out of it, you have to be working a lot. You're not making very much money. And to be honest, you know, we have huge deficits in employment right now in a lot of those kind of jobs. And, and this really-- I, I mean, I watched year after year, talking to folks who come in and sit down and we do their taxes, and this, this was make or break for, for almost all of them. Just-- you know-- and, again, in order to really have this, there's, there's a small amount of money you can possibly get. It's very difficult if you don't have any children or dependents. But you're really getting this if you're caring for young kids, if you have dependents and you're working and you don't make a lot of money. And it matters, it matters a lot. So I, I appreciate your consideration.

von GILLERN: Any questions from the committee members? Seeing none, thank you, Senator Bostar.

BOSTAR: Thank you.

von GILLERN: That'll close our hearing on LB710 and close our Revenue hearing for the day.