

Transcript Prepared by Clerk of the Legislature Transcribers Office
Government, Military and Veterans Affairs Committee January 29, 2025
Rough Draft

SANDERS: Welcome to the Government, Military and Veterans Affairs Committee. I am Senator Rita Sanders from Bellevue, representing the 45th Legislative District, and I serve as the chair of this committee. The committee will take up bills in the order posted. This public hearing is also your opportunity to be part of the legislative process and to express your position on the proposed legislation before us. If you are planning to testify today, please fill out one of the green testifier sheet that are at the table at the back of the room. Be sure to print clearly and fill it out completely. When it is your turn to come forward-- testify, give your testifier sheet to the page, to the committee-- or to the committee clerk. If you do not wish to testify but would like to indicate your position on a bill, there are also yellow sheet at the sign-in sheets back on the table. These sheets will be included in the exhibit of the official hearing record. When you come up to testify, please speak clearly into the microphone. Tell us your name, and spell your first and last name to ensure we get an accurate record. We will begin each bill hearing today with the introducer's opening statements, followed by proponents of the bill, then opponents, and finally, anyone wanting to speak in the neutral capacity. We will finish up with a closing statement by the introducer if they wish to give one. We will be using a three-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 will have one minute, one minute remaining, and the red light indicates time has ended. Questions from the committee may follow. Also, committee members may come and go during the hearings. As a matter of fact, I have a list. Senator Cavanaugh, he has to be in Judiciary. We have Senator Andersen, who's third in Revenue, Senator McKeon, who is introducing right now in Natural Resources, and Senator Hunt will be leaving here for the Judiciary. So you will see them coming and going. Also, committee members come and go, but they also use their electronic devices to gather more information. A few final items to facilitate. If you have handouts or copies of your testimony, please bring up at least 12 copies and give them to the page. If you do not have enough copies, the page will make sufficient copies for you. Please silence or turn off your cell phones. Verbal outbursts or applause are not permitted in the hearing room. Such behavior may cause you to-- asked to leave. Finally, committee procedures for all committees state that a written position comments on a bill to be included in the record must be submitted by 8 a.m. the day of this

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hearing. The only acceptable method of submission is via the legislative website at nebraskalegislature.gov. Written positions will be included in the official hearing record, but only those testifying in person before the committee will be included on the committee statement. I will now have the committee members introducing themselves, starting with my far right.

HUNT: Hi everybody. I'm Megan Hunt, and I represent District 8 in Omaha, which is the northern part of midtown Omaha.

GUERECA: Dunixi Guereca, Legislative District 7, downtown and south Omaha.

J. CAVANAUGH: John Cavanaugh, District 9, midtown Omaha.

ANDERSEN: Bob Andersen, District 49, northwest Sarpy County, Omaha.

LONOWSKI: Dan Lonowski, District 33, it's Adams County, Kearney County, and rural Phelps County.

WORDEKEMPER: Dave Wordekemper, Legislative District 15, Dodge County and western Douglas County.

SANDERS: Senator Bob Andersen is also vice chair of this committee. Also assisting the committee today to my right is our legal counsel, Dick Clark. And to my far left is our committee clerk, Julie Condon. We have to pa-- pages with us for the committee today. If the pages would please stand and introduce themselves.

LOGAN WALSH: I'm Logan Walsh. I'm from Denver. I'm a junior at the University of Nebraska-Lincoln.

ARNAV RISHI: Hi, my name is Arnav. I'm a political science junior here at UNL.

SANDERS: Thank you. We will now begin our hearing for today on LB294. Welcome to the Government Committee.

STORER: Good afternoon, Senator Sanders and members of the Government, Military and Veterans Affairs Committee. I am Tanya Storer, T-a-n-y-a S-t-o-r-e-r. I represent the 43rd District of Nebraska, which includes much of basically north central Nebraska, much of the Nebraska Sandhills. I'm here today to introduce LB294. This is a bill that was

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designed to create greater flexibility in the amount of grant funding available through the County Visitors Improvement Fund. These funds, which utilize proceeds from the local lodging tax, were created to help counties develop, expand, and improve facilities at visitor attractions within their county. Tourism continues to be a vital part of our state economy and as a growing economy in the Sandhills, actually, Atlas Obscura, a national organization promoting tourism, has chosen the Nebraska Sandhills as one of five outstanding destinations to visit in 2025. And it is only-- it is the only destination selected in the continental United States. Notable attractions in the Sandhills area include Bartlett, Taylor, Merritt Reservoir, and Carhenge. The County Visitor's Improvement Fund was originally created in 2005 by Senators Beutler and Landis to, to provide funding for the restoration of the William Jennings Bryan home. This program was established as a companion to the County Visitors Promotion Fund. While the Promotion Fund supports marketing and advertising campaigns to attract visitors, the Improvement Fund funds-- the Improvement Fund focuses on funding infrastructure projects for visitor attractions. Both funds are sourced from county lodging tax revenues. There is no state General Fund dollars appropriated for them. Under current law, counties are limited to awarding annual grants of up to 1% of their lodging tax collections. LB294, as it's originally drafted, would allow annual awards up to the greater of 1%, or \$2,500. And I have passed out an amendment and will-- I'll speak to that in a moment-- that actually wants to increase that to 1% or \$5,000, the greater of the two. This bill was initially drafted to increase funding available for engineering services for a new hiking and biking trail in Loup County, which is in my district. Taylor is the only village in Loup County-- recently received a grant from the Nebraska Department of Transportation to fund 80% of the trail's construction. The proposed trail would begin at the center of Taylor and extend three miles north, across the North Loup River, and continue into the Sandhills. However, when trail promoters sought grants through the County Visitor Promotion-- Visitor Improvement Fund, they were informed that the county was limited to awarding approximately \$1,000 that particular year under the current statutes. In response, the trail promoters approached the Nebraska Travel Associations-- Association, which then worked with me to draft what is now LB294. After introducing the bill, we did discover that there was some discrepancies in the amounts that various counties were able to-- the-- what the 1% would-- for, for those counties, including

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Loup County, which caused us to go back and offer the amendment to raise that threshold to 1% or \$5,000, whichever of the two is greater. In my opinion, counties should be empowered to utilize available funds in ways that enhance visitor attractions. These are dollars that are generated within that county. That is the purpose of the Improvement Fund. To better address this need, I present the amendment before you. This would actually go from-- the original \$2,500 would have benefited 13 counties. Increasing this threshold to \$5,000 will help an additional 9 counties actually be able to utilize those funds in a meaningful way. It is important to emphasize that LB294 does not authorize counties to increase taxes or alter the overall limits on their lodging tax collections. It is only authorizing them to use a, a reasonable amount within those counties that otherwise collect a very small amount annually of lodging tax dollars, but to, to utilize a reasonable amount in one given year for one given project to do something valuable for their community. I respectfully ask the committee to advance LB294 as amended, with the emergency clause attached. Trail construction is scheduled to begin this year, and detailed engineering design work is already under way. Thank you for your time, and I'm certainly happy to answer any questions.

SANDERS: Thank you for your testimony. We'll see if we have any questions from the committee. Mr. Guereca-- Senator Guereca.

GUERECA: Now that-- the, the \$5,000 or 1%, is that individual grants or the total that the, the board can give?

STORER: That would be, that would be what they could grant for one given project in one given year.

GUERECA: OK.

STORER: Yes.

GUERECA: OK. Thank you.

SANDERS: Any other questions? I see none. Will you stay for the closing?

STORER: I will.

SANDERS: Thank you. Are there any proponents on LB294? Welcome.

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STEVE MALY: Good afternoon, Chair Sanders and members of the committee. My name is Steve, S-t-e-v-e, Maly, M-a-l-y, and I'm representing the Nebraska Travel Association, of which I am the president. I'm here today in support of changing the provision relating to grants from the County Visitors Improvement Fund to allow annual grants to be awarded up to the greater amount of 1% of that year's lodging tax collection, as is the current law, or \$5,000, whichever is greater. Thank you, Senator Storer, for helping to introduce this bill and offer an amendment that will allow the legislation to benefit more rural counties. The Visitors Improvement Fund, which uses proceeds from local lodging tax, was created to allow counties to develop, expand, and improve facilities and visitor attractions. Many times, this is done through grant programs at the county level. One great example of this is ecotourism, which is one of the fastest growing sectors of tourism throughout the United States. Nebraska is blessed with a plethora of options throughout our great state that tie directly into this. And one of the most popular examples of this is starting to take place truly as we speak, and that is with the great Sandhills Crane migration in the middle part of Nebraska. This attracts tens of thousands of people from out of state each year and drives tens of millions of dollars into our local economies. The project you've heard about in Loup County, along with numerous other attractions and opportunities truly throughout the Sandhills is another great example of improving what is the most abundant in Nebraska, which is the great outdoors. The issue we're facing is many of the counties that have some of the best ecotourism opportunities or just tourism opportunities, period, are also some of the least populated and collect the least amount of lodging tax. The way the current law is written, 24% of our counties have less than \$4,500 they can hand out in grants to improve their current attractions, and almost 60% of those counties have less than \$2,300 to spend towards grants to improve their visitor attractions, truly not enough money to make any type of sizable impact. The bill will help these counties use those funds already collected in a much more impactful manner, and in some cases, truly allow them to spend almost 10 times more than what they can do right now. As president of the Nebraska Travel Association and a taxpaying citizen in Nebraska, I do want to emphasize this does not allow counties to increase their taxes. It also doesn't limit the amount that counties can collect in lodging tax either. It simply allows counties the ability to spend the money they have already collected in a meaningful manner. Passing

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LB294 will ensure that Nebraska remains very competitive with improving their tourism opportunities and gives our smaller counties the opportunity to punch above their weight when attracting new visitors to the great state that we all call home. Thank you for your time today, and I'll do my best to answer any questions you may have.

SANDERS: Thank you very much for your testimony. I do have one quick question. The trail portion in that area, will, will that hook up to the bike across the U.S. or the--

STEVE MALY: Cowboy Trail?

SANDERS: The Cowboy Trail?

STEVE MALY: They could answer that directly.

SANDERS: OK.

STEVE MALY: Does-- no.

SANDERS: Thank you very much. Let's see if there are any other questions. I see none. Thank you.

STEVE MALY: Thank you.

SANDERS: Are there any other proponents? Welcome to the Government Committee.

RICHARD BROWN: Thank you. Good afternoon, Senator Sanders and members of the Government, Military and Veterans Affairs Committee. My name is Richard Brown, R-i-c-h-a-r-d, last name B-r-o-w-n, and I am a member of a committee that has applied for and now received a grant from the Nebraska Department of Transportation to construct a three-mile hiking and biking trail in Loup County, which is where I grew up. Loup County is one of a dozen low population counties in the Nebraska Sandhills. It's the home of the Calamas Lake, who's the second-- which is the second largest lake, 5,000 acres, in the state. It draws around 300,000 visitors each year, which is approximately the population of Lincoln. The community had applied for and received grant money for several years and received notification in 2023 that it would be receiving an 80% funding grant to support the trail. In addition, the department will transfer access right-of-way along Highway 183 to the community for \$1. The committee, our engineering firm, and the

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department are now working on a detailed plan. This project has incurred about \$11,000 so far in design and consulting services from our engineering firm. Since Loup County will pay a-- 20% of that cost, that amounts to about \$2,350. And that was how we had arrived at the original language of \$2,500, which would at least cover a, a big chunk of it. Basically, the committee would like to use funds from the Visitors Improvement Fund, the lodging tax, to pay for this work. We're currently capped at \$1,000 and have been working with the Nebraska Travel Association to increase this cap. Recently, with me, I guess it was last Friday, we learned that Senator Storer will be asking your committee to amend this bill to increase the amount to \$5,000. This would be extremely helpful, particularly as construction will begin later this year. The Visitors Improvement Fund in our county currently has approximately \$30,000 of cash on hand. We expect lodging tax revenue to bring in additional \$15-20,000 for each year going forward. Loup County, which has about 600 residents, now has nine family businesses that offer lodging, and a tent which offers a glamping site is just coming on board. This means that the Visitors Improvement Fund will have a reliable funding source for future expenses. We hope your committee will advance LB294. I brought a letter of support signed by all the members of the Loup County Visitors Committee, which is committed to this project. In addition, I would like to thank Sten-- Senator Storer for being of assistance in introducing this bill and securing additional sponsors. I'd be happy to answer any questions.

SANDERS: Thank you very much for your testimony, Mr. Brown. For those who weren't here the last few years, we've known him as Dick for many years in the Clerk's Office. So I don't have any question, but let's see if the committee has any questions-- see none. Thank you very much.

RICHARD BROWN: OK. Thank you.

SANDERS: You got off easy this time.

RICHARD BROWN: I would like to add one additional comment, because there's been a question that has come up, really in the last 48 hours, and one is whether this has any-- would be negatively impacted by the 90-day pause on federal grants. And I checked with our engineer this morning, and the answer is no. There's no concern with that.

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SANDERS: Thank you for the information.

RICHARD BROWN: Yep.

SANDERS: Are there any other proponents on LB294? Any opponents? Any in the neutral? With that, we'll go ahead-- go ahead and close.

STORER: Thank you again, Senator Sanders and committee. You've heard some thoughtful testimony regarding this. I think at the end of the day, we are just trying to give our small rural counties that, that have under the 1% threshold just the spending authority to spend the dollars that are already really their dollars collected in their county to do some meaningful projects to improve tourism in, in the Sandhills in particular, but in all of our small counties across the state. So I would ask for your consideration, and hope that you will advance this to General File.

SANDERS: Thank you, Senator Storer. And one last item: Position comments for the hearing record. Summary report on LB294, proponents, seven, zero opponents, zero neutral.

STORER: Thank you so much.

SANDERS: Thank you. That closes our hearing on LB290-- oh.

WORDEKEMPER: Chair? Chair? Chair? Can, can I ask one followup question, please?

STORER: Oh. Sure.

WORDEKEMPER: If I understand this, you want to be able to give more money to particularly one purpose or one specific project. OK. Do you think this would limit-- do you think there was a limit so that the money could be given to more smaller projects instead of blowing all the money on one project, or do you think that-- I would think the local board would manage that.

STORER: Right.

WORDEKEMPER: Would that be correct?

STORER: Yeah, I don't know-- I can't really answer what the purpose of the 1% was when that was initially put into place. You know, when, when you look at average-sized counties, a lot of counties are

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collecting tens of thousands of dollars a year, so 1% was somewhat meaningful.

WORDEKEMPER: Sure.

STORER: But in our, in our very small counties, you know, that 1% is only a few hundred dollars. And so, this is just sort of putting-- it's still going to leave the, the whichever is greater. So for those larger counties, they're still going to be at the 1% if they're-- if the 1% is greater than \$5,000. It just kind of helps the small counties have some meaningful dollars to do, do a project. So.

WORDEKEMPER: Sure. I, I wanted to understand that correctly, and I do. Thank you.

STORER: Yeah. Thank you.

SANDERS: Thank you very much.

STORER: Thank you, Senator Sanders.

SANDERS: We'll move on to item number-- LB 373. Welcome, Senator Hansen, to the Military Committee.

HANSEN: Thanks for having me. So much brighter in this room than others. Nice. All right. Good afternoon, Chairwoman Sanders and members of the Government, Military and Veterans Affairs Committee. I'm Senator Ben Hansen. That's B-e-n H-a-n-s-e-n, and I represent the Legislative 16th District. Back in 1855, the United States government began the process of contracting surveyors to divide up the territory of Nebraska into sections. It took around 50 years to complete the project, dividing the state into townships that are six miles containing, containing 36 sections. Each section is one square mile. We still to re-- we still refer to these sections, and in 1957, it was determined by the Legislature that section lines should be declared to be public roads. It is this state statute that LB373 works to clarify and update. If you drive through most of rural Nebraska, you will see a public road every square mile. In certain areas, you can drive for miles without seeing a house. But each mile, you-- will bring you to an intersection of roads that were built along section lines. Through further conversations, I, I found an inconsistency in the interpretation of state statute. Some on the state level think the declaration is more of a statement that suggests public roads must be

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placed first and foremost on section lines. Others have come to the conclusion that section lines must, must be roads, causing miles of public roads to be built where it is unnecessary. LB373 clears up this confusion. It would make state statute read, the section lines are hereby declared but not required to be public roads. This clarification is the main reason for this bill. The other portion of LB373 simply updates the process of removing certain public roads. First of all, I need to point out that this bill does not allow counties to become lazy and get rid of roads just because they don't want to deal with the upkeep. There seems to be a continual tug-of-war between counties and the residents residing in the county. The people want better roads and lower taxes. The county must maintain roads along every square mile, yet they are pressured to lower taxes. Counties are divided into three group-- groups based on population size: Large counties with more than 50,000 people; medium counties with 5,000-50,000 people; and small counties with less than 50,000 people. From the latest numbers, medium and small counties spend 31-33% of their budget on roads. Rural county officials feel like current state statute requires them to maintain public roads every square mile, regardless if they are used or not. With this in mind, LB373 seeks to allow counties to vacate or remove some of those roads that are not being used through an updated and simpler process without the requirement of a study. Otherwise, the rest of the process remains the same. Public roads that are not using taxpayer dollars-- used efficiently-- can be removed when the county board proposes a resolution to vacate or abandon such road. The language is clear and actually states that it must be in the interest of the public. The resolution must include a time, date and place for a public hearing to be held, giving the opportunity-- giving the people an opportunity to speak on the issue. The resolution will then be mailed to all landowners with land abutting on or adjacent to the road, and it will be in the local newspaper once a week for three weeks, giving plenty of notice. If the road is in a township or city, they must also approve. Upon receiving a two-thirds vote from county board members after the hearing takes place, the resolution is passed. It was my intention to make sure LB373 takes into consideration the desire of the people, the needs of the county, and the overall ability to be responsible with taxpayer dollars. I worked with the Department of Transportation, the counties, and the county commissioners while writing this language. I do not want-- I do want to mention that this bill was passed out of committee last year as LB1174. The language is

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the same with a few more suggestions from the state surveyors, including-- included that cleans up the language and make sure that government corners aren't messed with. Every section had eight monuments placed around its exterior back in the day, when the territory of Nebraska was divided. Each corner was marked with monuments and we don't want to lose those. I want to thank you for your time today. I am open to answer any questions you may have, and ask for your support of LB373. Thank you.

SANDERS: Thank you, Senator Hansen. Let's see if there are any questions. Senator, Wordekemper.

WORDEKEMPER: Do any of the counties get government funding per road mile, like state funding or anything like that? Do you know, like a stipend, I guess?

HANSEN: I'm not 100% sure, so I can't answer that.

WORDEKEMPER: Yeah. And I guess--

HANSEN: There might be some people after me that might be able to answer that better than me.

WORDEKEMPER: Yeah. And I guess my thought was if they eliminate some of the miles and put on minimal maintenance, will this hurt their funding potential, because they don't have to maintain those roads from an outside source, which isn't county funded?

HANSEN: Well, if they're getting funded to maintain a road they're not maintaining anymore, than they-- it--

WORDEKEMPER: Right.

HANSEN: --wouldn't make sense that they would not get funding for it.

WORDEKEMPER: Yeah. And I, and I know that's spread out through the county, so I, I just wanted to know if there was a negative effect that we wouldn't-- didn't see.

HANSEN: Not that I know of.

WORDEKEMPER: OK.

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HANSEN: But like I said, there's some people behind me that might be able to answer that better.

WORDEKEMPER: All right. Thank you.

SANDERS: Are there any other questions from the committee? Senator Cavanaugh.

J. CAVANAUGH: Thank you, Chair. Thanks for being here, Senator Hansen. You mentioned that if it's inside of a city or a village that they would have to approve, I think, of closing it. That was in your comments.

HANSEN: If the road is in a township or city, they must also approve-- yes-- given notice that the people along that road also have to approve of it.

J. CAVANAUGH: Would they, the city or township, be able to just take over the road? The county could, I guess, vacate it and the city could take it over?

HANSEN: Well, if it's in a city or township, the city would probably have it anyway. So what, what-- what's your question?

J. CAVANAUGH: I'm just curious of-- I'm, I'm trying to picture a scenario in which somebody would abandon a road in a city or township, I guess.

HANSEN: I don't know. This is mainly for like especially in western Nebraska, where we have, like, miles of road that nobody even uses. And the county has a-- it's much more difficult to remove that, and this just makes that process easier and allows them to, and-- where maybe they weren't able to before.

J. CAVANAUGH: OK. Thanks.

HANSEN: Yep.

SANDERS: There any other questions from the committee? I see none. Will you stay to close?

HANSEN: Yes.

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SANDERS: Thank you very much. We'll now open for anyone-- like to testify proponent on LB373? See none. Opponent on LB373? In the neutral on LB373? Welcome to the Government Committee.

BETH BAZYN FERRELL: Thank you. Good afternoon, Chair Sanders, members of the committee. For the record, my name is Beth, B-e-t-h, Bazyn, B-a-z-y-n, Ferrell, F-e-r-r-e-l-l. I'm with the Nebraska Association of County Officials. I'm appearing neutral on LB373. We'd like to thank Senator Hansen for giving us the opportunity to look at this bill and work on it over the summer. Last year, our position on LB1174 was neutral, and our board decided to take the same position this year. The reason we ended up in a neutral position was because everything that's presented in the bill, the ability to, to close section line roads, to do that without a traffic study, that's all optional. The bill talks about it in terms of the county board may choose to do that rather than shall. So there is some flexibility for county boards to make the decision how they-- or whether they want to vacate or abandon a section line road, and the other processes for other roads as well. Some of the things that county boards look at when they're talking about whether to vacate or abandon a road-- they look at the current uses. They look at if there are going to be future uses for that road, something that, you know, someone may have a plan for but hasn't really, you know, hit the news yet, so to speak. They look at whether it would hinder any kind of access to emergency services, and also whether that would create an isolated parcel. In return, the board shares with the public at the hearing what their motivation is for wanting to close a road. So there are a lot of factors that go into the decision of whether or not to close a road. Ultimately, that decision is local. It's based on local factors. So because of that, we're neutral. I would like to address the Senator-- the question you had, Senator, Wordekemper. There is a formula that does involve the number of miles of road in how the funding comes back to counties. If you'd like, I'd be happy to share with you. There's a, a, a really good flow chart that the Department of Transportation puts together every year that shows where the money comes from and where it goes into for the different funding sources. So I'd be happy to, to share that with the committee.

WORDEKEMPER: Thank you.

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SANDERS: Thank you. See if there are any other questions. Senator Hunt.

HUNT: Thank you, Chair Sanders. Thanks for being here. I have an ignorant question. I know what you're talking about when there's-- what, what Senator Hansen's talking about when there's like a-- you're way out in the country and you're going forever, you don't see your house forever, and there's roads. So I, I can picture what this would be. If a county were to close down a road, would that just cease to be maintained or would the, the-- where the road is would become the property of the landowner and then they maintain it, or they turn it into crops and fields, or they build a house on it or like-- you know, what, what happens to a road if they cease to maintain it?

BETH BAZYN FERRELL: I, I think the best answer is it depends.

HUNT: Uh-huh.

BETH BAZYN FERRELL: It may be if they choose to do something with it when they vacate it. There may be, you know, have been some agreement or something if it's not a section line road, about how that property would go back if it was ever vacated or abandoned. But generally, I believe it goes back to the landowner otherwise.

HUNT: OK. Man, it would have been fun growing up to play on someone's abandoned road. Like, I never really got to do that. I can imagine it-- with the other kind of stuff I was doing. So, thank you.

SANDERS: Thank you.

LONOWSKI: Just a quick question and--

SANDERS: Sen-- Senator Lonowski, I have to say your name.

LONOWSKI: Yeah. Sorry, Chair. Thank you, Chair.

SANDERS: Senator Lonowski.

LONOWSKI: Thank you, Chair. And this kind of follows up what Senator Hunt said. So when we see minimum maintenance roads, are those basically roads that they said we no longer maintain, enter at your own risk? Is that what we're talking about or is that part of the "depends" that you were talking about?

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BETH BAZYN FERRELL: If it's a minimum maintenance road, it's been designated as a minimum maintenance road. There's a-- the Board of Road Classifications and Standards has set out different criteria for different kinds of roads. And then the county can choose to designate that. So it would still technically be an open road. It would just be one that's not maintained.

LONOWSKI: OK. Thank you.

SANDERS: Are there any other questions? We'll definitely look at roads differently when we're driving out the country. Thank you for your testimony. Are there any other in the neutral? Welcome to the Government Committee.

CASEY SHERLOCK: Thank you. Good afternoon, Chair Sanders and members of the committee. My name is Casey Sherlock, C-a-s-e-y S-h-e-r-l-o-c-k. I'm here to testify in a neutral position regarding LB373. I am currently the Nebraska State Surveyor. I've served as the state surveyor for the past seven years. Prior to that, I was the public works director for the Hall County Highway Department in Grand Island, Nebraska, so I do have some historical knowledge of maintaining and operating public roads. But today, in this capacity, I'm here to testify as the State Surveyor, as it pertains to the section corners and section lines. I offered two different language changes to Senator Hansen, which are included in LB373, as it pertains to the perpetuation of section corners and the survey of land within the public domain. I don't have a position on the intended purposes of the bill that Senator Hansen pointed out for counties and county roads. But on lines 6 and 7, I suggested that the phrase "without preliminary survey" be deleted and let counties rely on public road construction regulations. And as Beth referred to earlier, the public roads classifications and standards sets out the standards for how public roads are to be constructed and to what standard and things that are required for preliminary surveying, engineering and that such. So I suggested that those just-- we let those regulations control what, what happens with that. On lines 18 and 19, I suggested that the phrase "the manual of instruction for government surveys" be deleted and refer to the actual procedures for the restoration of lost or obliterated commerce be located in the manner provided in sections 23-1907 and 23-1908. The methods and responsibility for the restoration of lost and obliterated corners as already described by those statutes, and the procedures are no different for the location

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of a public road and how it relates to section lines of the Public Land Survey System. Technically, the manual of instructions is the, the BLM Manual of Surveying Instructions. That is set out in sections 23-1908 as to how we restore lost and obliterated corners. There was an online comment that somewhat confuses the word "public" as it pertains to government land use versus private land ownership in the realm of real estate. With the context of the use of public land in sections 23-1908, and as it pertains to land entered into public domain by the federal government of the United States of America, the statute references the Public Land Survey System, PLSS, which is how we derived all of our sections, townships, and ranges. The Public Land Survey System is the surveying method originally proposed by Thomas Jefferson that was developed and used in the United States to plat or divide real property for sale, and by settling-- the settling of the public. Also known as the Rectangular Survey System, it was created by the Land Ordinance of 1785 to survey land ceded by the United States by the Treaty of Paris in 1783, following the end of the American Revolution. The PLSS began shortly after the Revolutionary War. The federal, federal government became responsible for large areas of land west of the original 13 states. The Land Ordinance of 1785 marks the beginning of the Public Land Survey System, and the use of the phrase public lands refers to all land that was entered into the public domain by the federal government of the United States of America. So it really has nothing to do with the, the ownership of land, as in private land versus public land. All of Nebraska is essentially public land. And I appreciate your consideration of my, my expertise and knowledge on this issue. And if you have any questions, I'd be happy to answer it.

SANDERS: Mr. Sherlock, thank you for your testimony. And also, thank you for addressing the online comment.

CASEY SHERLOCK: OK.

SANDERS: I would not have known how to answer that, so thank you for taking that on. Let's check to see if there's any questions from the committee. I see none. Thank you, again.

CASEY SHERLOCK: You're welcome.

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SANDERS: Are there any other in the neutral on LB373? I see none. Senator Hansen, would you like to close?

HANSEN: Thank you.

SANDERS: And position comments for the hearing record: Proponent, zero; opponent, one; and in the neutral, zero.

HANSEN: People don't care about roads as much as I do, I guess. I thought a couple friends were going to give me a hard time for messing with anything Jefferson did, you know, and I had to learn about that from the Surveyor. That was pretty cool. I think, I think Senator John Hunt had a good question about what happens to a road. And I remember-- I think it's kind of a vague process, and it might be county-based, by each county, by-- because I was on the city council in Blair. And I remember when we had to vacate some roads, we pretty much just said, OK, well, here. Do we keep the right-of-way? Do we know-- do the property owner has the ability to purchase the right-of-way and now it's her property? And I-- we, I think, approached that differently with any kind of road that we vacated. And so, I'm assuming that's probably how counties approach it, as well. So I think if there's little things that we can do to help take the burden off of counties with unfunded mandates-- may be kind of what this is-- and help the taxpayers of Nebraska possibly save-- to property taxes, I think this is one of the ways that we can kind of chip away at that. So it's kind of-- one of the things I like about this bill. So, be happy to take any questions.

SANDERS: Are there any questions for Senator Hansen? I see none. You got off easy.

HANSEN: Thank you.

SANDERS: Thank you very much. This now closes a hearing on LB373, and we'll move on to LB266. And I-- is Senator Dover here? Do we have staff from Senator Dover's office?

_____ : He said he's on his way.

SANDERS: OK, we'll just wait for them. Everybody take time to stretch. Good afternoon, Senator Dover. Welcome to the Government, Military and Veterans Affairs Committee.

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DOVER: Thank you, Chairman San-- thank you, Chairman Sanders. And good afternoon, Committee. For the record, my name is Robert Dover, R-o-b-e-r-t D-o-v-e-r. I represent District 19, which consists of Madison County, southern half of Pierce County. In the 1930s, the Nebraska Supreme Court ruled rent control unconstitutional. However, Nebraska is one of only 13 states without a law prohibiting rent control, meaning that 37 states have already addressed this issue. Let me briefly mention a few reasons why I believe this law preventing rent control is necessary. Rent control can disin-- disincentivize developers from building new housing because they may not see, they may not see sufficient returns on investment. With that in mind, prohibiting rent control may foster housing development and help address house supply shortages. Property owners are more willing to invest in maintaining and improving their properties if they aren't limited by rent caps. Rent control distorts the housing market, creating artificial price ceilings and leading to inefficiencies like mismatched demand and supply. A free market approach allows prices to reflect the actual value of housing based on location, amenities, and demand. Rent control throws off market dynamics, making resource and allocations difficult. In cities with rent control, some tenants remain in units despite no longer needing them, for example, empty nest, empty nest households, which can reduce turnover and limit availability. Prohibiting rent control ensures mobility and keeps housing more accessible. Studies in some markets have shown that rent controlled units can deteriorate over time, negatively impacting tenant living conditions. Prohibiting rent control incentivizes property upkeep and modernization, benefiting tenants. Prohibiting rent control can spur job creation in construction, property management, and related industries, encouraging investment in real estate and leading to a healthier housing market. The healthy housing market attracts residents, businesses, and investors contributing to economic growth. And economic growth is what solves many of the problems Nebraska is facing. To close, I believe, rent control has a negative impact on tenants, landlords, and our state as a whole and needs to be prevented, except in under special circumstances. I guess-- and, and just-- I-- Chairwoman Sanders, I am in Appropriations. So if it's OK, once I've answered any questions that someone may have of me, I'll waive my closing and go back to my Appropriations meeting. OK. Thank you.

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SANDERS: Yep. Yep, you're welcome. Let's see if there are any questions from the committee. Senator Cavanaugh.

J. CAVANAUGH: Thank you, Chair. Thanks for being here, Senator Dover. I liked the history lesson. I appreciate that. Thank you. I guess my question, question is, is some-- anybody proposing rent control anywhere in Nebraska?

DOVER: No, but I think, I think that the way that government is, we're accused of being proactive many times, and so we wait. I don't know that we need to wait for a problem, if, if, if we perceive the potential. I mean, there are rent control, I believe, in California that could have some negative impacts, and they're seeing those. So I think sometimes it's better to get out ahead of something than try to catch up with something. [INAUDIBLE] in some cases, I know that's a-- I, I think, right about other bills that we carry. Is there a problem? Do we need a bill? I think sometimes good legislation can prevent a problem or misunderstanding, and I think that's what rent control-- this rent control legislation would do.

J. CAVANAUGH: Right. OK. So-- but, but the answer to that is no--

DOVER: Oh, sorry.

J. CAVANAUGH: --nowhere in Nebraska is that you're proposing this.

DOVER: That was a yes and no question? No. Not at this time.

J. CAVANAUGH: OK. And then I-- the only other question I had was the part about prohibiting rent control could spur job creation in construction. We don't currently have a prohibition, but I mean-- in my district at least, and I know parts of your district, maybe not as much development as you want in your district. But there's a lot of development in my district.

DOVER: Right.

J. CAVANAUGH: So I guess is it-- we're going to see more if we pass this bill?

DOVER: I think, I, I think it's hard to specifically probably talk about [INAUDIBLE], because obviously, we-- a lot of construction, but it could potentially do that. If you have-- if-- we didn't have, we

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didn't have any new apartments built in Norfolk, Nebraska for probably 20 years. And that was basically because we didn't have the jobs just to-- that you could pay for those units to be developed and someone could afford to pay rent for those, those . So I think that if we don't, if we don't allow-- yeah. I think if we started to constrict those kind of things, I think we could run into trouble where we aren't going to have the apartments built and those kind of things, I think, because it, it, it just limits things. And I think it also takes-- if rent goes up, obviously, I don't want to get into-- kind of detail, but you have capital stacking, you have the use of TIF, you have the use of low-income housing tax credits. I mean, it's a very complicated thing to build housing. I just don't know that we need to get into it and, and be quite truthful, I'm going to go to low-income housing tax credits. I'm not against having rent controls for things like that and other affordable housing being built. Like, say that there's a development being built, and there's government money being used to do that, and to subsidize it through TIF, and grants, and down payment assistance and all those kind of things. Where those units, in order for someone else-- that they're going to be-- that house-- the house payment would be set at a specific amount. And the person that came in would have to qualify for that for a certain-- as a percentage of AMI. I know I'm getting into kind of a comp-- calculated somewhat whatever answer, and I apologize for that. But I just think-- I, I just think we should let-- I mean, people invest where they can make money. And I think the federal government has, through their tax policy, encouraged the, the public to handle housing for them, through tax shelters or, or depreciation.

J. CAVANAUGH: And you hit on it, though. This bill doesn't prohibit rent control under things that-- projects that take LIHEAP or--

DOVER: Right. And it shouldn't.

J. CAVANAUGH: Right.

DOVER: Right. And it shouldn't.

J. CAVANAUGH: Thank you.

DOVER: Thank you.

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SANDERS: Thank you, Senator Cavanaugh. Are there any other questions from the committee? Senator Wordekemper.

WORDEKEMPER: If in your town there's a housing shortage, would this prevent, I guess, landlords from spiking and increasing the rent to get more from people that want to rent, if that makes sense. Would that--

DOVER: I-- well, I think what happens is I-- I'm, I'm a big believer in free markets unless, unless they're really, you know, something is offsetting-- whatever. But-- so in your situation, I would think, as we're seeing across the state of Nebraska, because of the shortage you will be able to charge more for rent. And therefore, you're seeing apartments built. I-- and I mean, if-- and I can get that information to you. But it's unprecedented across the state of Nebraska, the amount of housing units and, and rental units that are being constructed at this time [INAUDIBLE]. We've never seen anything like it. And so, when you-- when the rents do go up like you're talking about, then investors come in and build more supply. So the market really, I think, works well. But no, you can, you can set whatever rent you want to, but the people are going to pay whatever the market is.

WORDEKEMPER: Correct. Thank you.

DOVER: The market-- I think supply and demand usually take care of itself. So less people, charge more, and somebody else gets into that market and then there's too many people in the market, and then everybody stops for a while, right. Whatever is--

WORDEKEMPER: Correct. Yep. Thank you.

DOVER: Yeah.

SANDERS: Thank you very much, Senator Wordekemper. Are there any other questions? See none. You got off pretty easy.

DOVER: Yeah.

SANDERS: And you're going to waive closing?

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DOVER: I'm waiving closing, I won't be back, and I'm heading for Appropriations, if that's OK--

SANDERS: OK. Absolutely.

DOVER: --Chairwoman Sanders. Thank you.

SANDERS: Thank you, Senator Dover.

DOVER: Thank you, everyone.

SANDERS: LB266. Any proponents? Welcome to the Government, Military and Veterans Affairs Committee.

DOUG KAGAN: Good afternoon, Senators. Doug Kagan, D-o-u-g K-a-g-a-n, representing Nebraska Taxpayers for Freedom. Residential rent controls discourage landlords from maintaining their properties, leading to a shortage of quality available rental units, which then increases overall rent pricing and exasperates affordable housing for those who need it most. The supply and demand for such housing becomes skewed. If landlords are prohibited from charging market rent rates, they have less incentive to renovate or build new rental units, unable to raise rents to handle increases in utility costs, insurance costs, and property taxes. Some landlords will exit the market entirely. Economists are virtually unanimous in their condemnation of rent control. In a survey of economists in the American Economic Association, 93% agreed that a ceiling on rents reduces the quality and quantity of housing available. Dr. Anthony, Anthony Downs, a leading economist and nationally-recognized expert on housing policy, concluded in a recent report on rent controls that other than during wartime, the economic and social costs of rent control almost always outweigh any perceived short-term benefits they provide. He also found that rent controls are both unfair to owners of rental units and damaging to some of the very low-income renters they are supposed to protect. An Institute of Economic Affairs publication, the Verdict on Rent Control, revealed these distortions that result in various negative economic consequences. They perpetuate housing shortages by driving landlords out of the rental market. They prevent areas available for development from becoming more profitable or socially beneficial from development. The administrative costs of rent control are substantial, outweighing short-term benefits of rent regulation. Rent controls require the creation of bureaucratic systems, rental

property registered, detailed information on rental properties collected, elaborate systems for determining rents, processes for hearing complaints and appeals established, and rental unit inspections planned and performed. The costs in dollars and time target not only landlords, but also local subdivision taxpayers who fund additional bureaucrats. For example, the Santa Monica, California rent control board in 1996 had a budget of over \$4 million annually to control rents on 28,000 apartments. Workable alternatives to rent control include rent reducing regulatory building barriers to new construction and rehabilitation, a streamlined permitting process, and expanding tax policy that encourages multifamily investment, dispensing with petty inspection rules. The best way to achieve affordable rental housing is to have a market of competitive pricing where prices reflect actual supply and demand, rental choices, or availability. And then you can see the rest. I have two sentences you can read on your--

SANDERS: We'll allow you to continue.

DOUG KAGAN: Landlords and developers competing in a free market offer quality housing at affordable prices to attract tenants. This dynamism ensures that prospective renters better served, landlords motivated to maintain and improve their properties to stay profitable. Thank you.

SANDERS: Thank you for your testimony. We'll check to see if there's any questions from the committee. Senator Cavanaugh.

J. CAVANAUGH: Thank you, Chair. Thanks for being here, Mr. Kagan. Well, first, I guess I have a question. Which inspection rules are petty?

DOUG KAGAN: I'm from Omaha. They-- and the city council passed some more inspection rules that we thought were very petty. I'll just cite you one. One of the rules is in railings, you have to have-- on hand railings, closer together than they were before. And this has caused landlords to have to tear down their railings in their rental units and put up new railings. It was a, it was a solution looking for a problem. There really was no problem. And what's happened is in Omaha, some landlords are selling their properties because they don't want to put up with these petty regulations when they can get rental properties in other communities.

J. CAVANAUGH: OK. And you just hit on-- so solution looking for a problem. I heard Senator Dover say that no one's proposing rent control in any jurisdiction in the state. Are you aware of any jurisdiction in the state that's proposing rent control?

DOUG KAGAN: No. So we, we look at this as kind of a preventive. Because, right now, in Omaha, there's a lot of apartments being built. There's, there's a mushrooming of apartment buildings, if you look. But in the inner city, there's a, a deficit of, of quality rental housing. And we think there's actually an effort to drive out private landlords, so this would protect those people and keep more private rental property available in the inner city.

J. CAVANAUGH: You think that banning it at the state level would drive more folks to build inner city rentals, even though no one in Omaha is proposing rent control?

DOUG KAGAN: Yeah. We think the-- if we look at other cities, this-- we think rent control is a problem that probably will come to Omaha.

J. CAVANAUGH: Based on what?

DOUG KAGAN: Based on what's happening in other cities.

J. CAVANAUGH: What other cities?

DOUG KAGAN: You can look at Santa Monica, you can look at New York, you can look at Boston. From our research, what we found is that everywhere they have rent control, there's not better housing for low-income people, there's a deficit of housing.

J. CAVANAUGH: OK. But with all due respect, the cities you listed are not Omaha. The politics are not the same. That New York has had rent control for a very long time, and we're not here to litigate, I don't think, whether rent control is a good idea or not. We're here to litigate whether the state should ban jurisdictions from having that conversation.

DOUG KAGAN: The problem is filtering down to mid-sized cities like Omaha. It's not just New York or Boston.

J. CAVANAUGH: And can you name one?

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DOUG KAGAN: Well, Kansas City for, for example. There's-- I can't remember-- there's a city in Ohio. I can't remember the name of it. And what a lot of these cities are doing, even the ones who have rent control, they're repealing or revising their rent control because they find out it doesn't work.

J. CAVANAUGH: So local control works in making a decision about whether it applies to their city?

DOUG KAGAN: Well, it doesn't make any difference with the size of the city. Rent control has never worked in any city.

J. CAVANAUGH: OK. Thank you.

SANDERS: Thank you, Senator Cavanaugh. Are there any questions from the committee? See none. Thank you for your testimony.

DOUG KAGAN: OK. Thank you.

SANDERS: Are there any other proponents? Welcome to the Government Committee.

LYNN FISHER: Good afternoon. My name is Lynn Fisher, L-y-n-n F-i-s-h-e-r. I'm the president of the Statewide Property Owners Association. Thank you, Senator Sanders, for the opportunity to speak to the committee today about LB266. I'm president of the Statewide Property Owners Association, which is a coalition of housing provider organizations, the Metropolitan Property Owners Association of Omaha, the Real Estate Owners and Managers Association of Lincoln, and the Gage County Property Owners Association are all a part of our coalition. Our members and thousands of other private housing providers across Nebraska are the main suppliers of affordable rental housing in the state. We want to thank Senator Dover for his support of affordable rental housing providers in Nebraska. This bill seeks to prevent localities from instituting rent control of private rental contracts. Common sense and a little knowledge of the basic economics tells you that imposing rent control can only have negative effects on the housing market. Tenants lose because there will be fewer rental housing units available. Housing providers lose because their income is restricted. Developer-- developers lose because rent control is a disincentive to build in that community. For proof of these outcomes and to answer Senator Cavanaugh's questions, just look at New York and San Francisco, but also cities like Kansas City and St. Paul,

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Minnesota. In 2023, the city of St. Paul voted to impose rent control. Immediately, new development stopped. Rents climbed as property owners raised rents to the maximum amount allowed at every opportunity. Maintenance on properties began to be neglected by owners in an attempt to maintain profits. Neighboring Minneapolis began to enjoy more development and lower rents. When government at any level adds more regulation and chooses winners and losers in the economy, everyone loses. So please vote to advance this commonsense bill. Thank you very much. I'll be happy to answer questions.

SANDERS: Thank you for your testimony. Let's see if there are any questions. Senator Guereca.

GUERECA: So just a-- I mean, a quick Google search shows that there's six states where they have localities that have rent control. And I'm not seeing Missouri on this list. Does Kansas City have rent control?

LYNN FISHER: The city of Kansas City, Missouri, passed rent control about 18 months ago.

GUERECA: OK. That's not showing up.

LYNN FISHER: Yeah. Nebraska is one of, of only 13 states that don't have a law preventing rent control in some form or fashion. 37 states do have a law like this to prevent rent control.

GUERECA: Is, is-- I mean, I, I represent downtown Omaha. I'm seeing a lot of construction right in my, in my district. Is there a concern that rent control is coming to Omaha? So a similar question--

LYNN FISHER: Yeah.

GUERECA: --as the last testifier.

LYNN FISHER: Well, I'm in Lincoln, but our members in Omaha have expressed their concern that part of the plan in the Omaha City Council's affordable housing plan has in that, rent control is something to be considered and possibly be imposed at some point. Whether that happens or not, I'm sure, is up to the, the City Council in Omaha. As a member of the National Association of Realtors, I was in Boston just recently, and attended a seminar where this specific subject was discussed at, at length. And we were warned it's coming. They said, be prepared. It's coming to a city near you in your state.

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And so there are efforts-- you may be aware of them-- tenant advocacy groups all over that-- including in Nebraska-- that are proposing very detrimental bills. And they know-- I know that they want to do rent control in Nebraska, so it is coming and we want to prevent it. That's the reason we're-- we asked Senator Dover to introduce this bill.

GUERECA: Thank you.

SANDERS: Thank you, Senator Guereca. Are there any other questions from the committee? I see none. Thank you for your testimony.

LYNN FISHER: Thank you very much.

SANDERS: Are there any other proponents? Good afternoon. Welcome.

DENNIS TIERNEY: Good afternoon. Dennis, D-e-n-n-i-s, Tierney, T-i-e-r-n-e-y. Chair Sanders and Senators, LB266 is a bill to keep the state of Nebraska from repeating the same mistake other cities and states have committed through rent control of private property residential real estate. We need to keep private property rents market driven rather than government determined. I represent the Metropolitan Omaha Property Owners Association, a landlord association of nearly 400 landlords who are small businessmen and businesswomen. Tenants are our customers and like any other business, the prices for our goods and services are driven by how much value we supply to our customers. If a landlord overcharges for the rent, the property will sit empty and the landlord will be forced to drop rent until it reaches the appropriate level that a tenant will pay. We're in a time of need for affordable housing, and many of our members are those mom and pop landlords that supply affordable housing. Rent control has been enacted in other states, cities, and countries to attempt to increase affordable housing. But when tried, it has always had the opposite effect. Economic studies-- and I've supplied a couple of those for you here-- have consistently shown this to be true. A review of economic literature was published in the February 24 issue of the Journal of Housing Economics. This is a review of 206 works on the effects of rent control, 112 of them empirically-published studies. The results were also echoed in the February 24 article from the Federal Reserve Bank of St. Louis. It has generally produced four negative effects. I won't go through all of those effects again because they've already been mentioned by previous speakers, but I will reiterate that St. Paul is in the process of trying to claw back the provisions of their

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rent control law because they've had a drastic reduction in new build permits. And I will also reiterate that the HAAP program in Omaha that the Legislature required Omaha to produce has definite-- I didn't bring a, a copy of their program, but it has definite indications for rent control. They haven't made that recommendation. But the tenant-land-- landlord-- I'm sorry, the-- yeah. The tenant advocacy people were pushing them so strongly to have rent control in Omaha that they put it in the HAAP program for Omaha. So it's real. It's, it's not made up that this is a, a boogeyman that, that, that isn't real. The tenant advocacy groups are well-funded and they're going to be back to try to push more rent control. We're trying to be proactive to try to prevent that. I might add, add one more thing. In a 2015 study done by the California Legislative Analyst's Office about why California has become unlivable, the answer was government overregulation of real estate. Senators, please, please vote in favor of LB266 to ensure we don't become like California, so we have more promising future for Nebraska's housing market. Thank you.

SANDERS: Thank you very much for your testimony. See if we have any questions from the committee. I see none. Thank you very much.

DENNIS TIERNEY: Thank you.

SANDERS: Are there any other proponents? Welcome. Good afternoon.

ALAN SEYBERT: Afternoon. Alan Seybert, A-l-a-n S-e-y-b-e-r-t. I'm in favor of LB266. Studies of rent control in New York City and Boston similarly found sharp differences in housing quality between rent control and other units because of the level of expenditures on maintenance and repair. Poor families suffer a steep decline in existing housing as the quality of existing housing falls in response to reduced maintenance expenditures. The middle class can move out. For many reasons, poorer families lack this option. Renters in rent controlled units are less likely to move when their housing needs changed because they benefit from lower rents, preventing others from locating and accessing such housing. Renters who otherwise would move to smaller or larger units or closer to their jobs do not do so because they cannot-- excuse me-- because they do not want to lose the subsidy. The longer rent control remains in place, the more substantial the gap between controlled rents and true market rents. This loss of mobility can become very costly to families whose job opportunities are geographically or otherwise limited and who may not

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have to-- and who may have to travel long distances to reach those available jobs. Rent control reduces the market value of controlled rent property, both in absolute terms and relative to the increase in property values in unregulated markets. The tax implications of this reduction appear significant because taxable assessed rental property values decline relative to unregulated property. The study of rent control in New York City calculated the loss in taxable assessed property values because of rent control at approximately \$4 billion in the late 1980s. These distorted assessments cost the city an estimated \$370 million annually in property tax revenues. Berkeley, California also estimates a significant loss in its tax revenue because of rent control. Rent control has caused problems everywhere. Nebraska should not believe it won't cause problems here. Thank you for the opportunity to testify before this committee.

SANDERS: Thank you very much for your testimony. We'll see if there's any questions from the committee. See none. You got off easy. Thank you very much.

ALAN SEYBERT: Thank you.

SANDERS: Are there any other proponents on LB266? Any opponents on LB266? Welcome to the Government Committee.

ERIN FEICHTINGER: Thanks. Senator Hansen was right. The lighting in here is great.

SANDERS: Cool shoes.

ERIN FEICHTINGER: Thank you. You have great shoes everyday, too. Try to bring a little joy to the room. Right. You know how it goes. Chairwoman Sanders with the cool shoes and members of the Government, Military and Veterans Affairs Committee, my name is Erin Feichtinger, E-r-i-n F-e-i-c-h-t-i-n-g-e-r, and I'm the policy director for the Women's Fund of Omaha. I'm the tenant advocate that's been talked about. And my daughter, who is about to have a five-year-old birthday, will be very excited to hear that I am well-funded. Because women are both overrepresented in evictions and disproportionately impacted by housing instability, we offer our opposition to LB266. I have worked on housing issues at both the local and state level for several years, and as has been pointed out, LB266 is a solution in search of a problem. There are currently no political subdivisions in Nebraska

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seeking to enact rent control policies. And while the number of legislative reforms introduced seeking to protect Nebraska renters have increased over the past several years, this committee should consider that at this Legislature's own discretion, very few of them have become law. We are a long way from becoming California or New York. We are a long way from rent control, and there is no effort to drive out private landlords from the market. We recognize their value to the community and to the affordable housing options that they provide. While the affordable housing crisis is indeed ubiquitous across Nebraska, housing instability and housing needs look different in each community. So urban solutions are not going to fit rural solutions, or even look the same in neighboring communities. So Senator Wordekemper, you're close to Omaha, right? And Omaha's solutions are not going to look the same as those needs in Fremont. That is because the needs of local governments and people in those communities vary. Rent control is not coming to political subdivisions in Nebraska anytime soon. And even if it were, the decision of how to manage that effort should be left to each community and their members, rather than a one-size-fits-all approach imposed by the Nebraska Legislature. Taking away a, a tool that may possibly one day exist in the future to address a community's unique needs is unnecessary. We look forward to continuing working in partnership with this Legislature and with all stakeholders to more adequately and realistically address the housing needs of Nebraskans. And I would encourage anyone concerned about this coming to their own city, village, town to take it up with their local elected officials, because local government is the best government closest to the people to address this issue. And I'm happy to answer any questions to the best of my ability.

SANDERS: Thank you for your testimony, Dr. Fei--

ERIN FEICHTINGER: Feichtinger. And don't worry, you're not the first one to stumble over it.

SANDERS: Check if there are any questions from the committee. Senator Cavanaugh.

J. CAVANAUGH: Thank you, Chair. Thank you for being here. Dr. Feichtinger. I just wanted to touch on the-- Omaha's Affordable Housing Action Plan.

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ERIN FEICHTINGER: Mm-hmm.

J. CAVANAUGH: A few folks referenced that it suggests that Omaha should adopt rent control. Do you have any comment or [INAUDIBLE]?

ERIN FEICHTINGER: Yeah. The Affordable Housing Action Plan does not suggest that Omaha adopt rental control. It is a popout graphic in the solutions and goals under housing stability. And what it says is that the idea of rent control came up during the process of community engagement, which was required by the bill passed by this Legislature, that aspect of community engagement where community members may have come in to those planning meetings and said, you know, rent control would be a great idea. That does not mean that tenant advocates are gathering together in rooms or coffee shops and trying to figure out a way to pass rent control through Omaha City Council.

J. CAVANAUGH: Gotcha.

ERIN FEICHTINGER: It is a-- simply a discussion of things that were brought up. It is not a-- it is not included in the list of suggestions or recommendations that were proposed to the Omaha City Council and submitted to this Nebraska Legislature.

J. CAVANAUGH: Another question, Omaha specific. I know, like you said, local government is the best. You love Omaha. City View Apartments--

ERIN FEICHTINGER: Mm-hmm.

J. CAVANAUGH: --is an apartment building in Senator Guereca's district but very close to my district-- that the city is thinking about shutting down because of a lack of maintenance.

ERIN FEICHTINGER: Mm-hmm.

J. CAVANAUGH: And I'm trying to remember. The one in my district that was a little bit west of there, about two years ago and then there was one way out in west Omaha, and then, of course, there was the Yale Park.

ERIN FEICHTINGER: Yale Park, the Flora, I believe you're talking about, a couple years ago.

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J. CAVANAUGH: Yeah. So those were all buildings that reached a crisis point in terms of their maintenance of the building--

ERIN FEICHTINGER: Mm-hmm.

J. CAVANAUGH: --maybe because they weren't following those petty zoning requirements, or what was-- I'm sorry-- petty inspection rules. But they became uninhabitable, and those people became homeless in a crisis. And that was not as a result-- the lack of maintenance there wasn't as a result of Omaha having a rent control. Is that right?

ERIN FEICHTINGER: No. And in fact, rental prices in Omaha have continued to climb year over year. And it was not a result of rents imposed on anybody. City View Apartments, the Flora, those were all-- those are all units that are eminently affordable and are particularly inhabited by folks with very low incomes. I would point out that it is not-- I mean, again, we have no rent control. Rent control is not coming. We've heard a lot of talk about the free market, and I've had discussions with Senator Dover about this, as well. What the fact of the matter is, is across Nebraska, we have a less than 2% vacancy rate in housing. That gets worse in Douglas, Sarpy, Lancaster County. And so the conversation about whether or not landlords are interested in or would be disincentivized or incentivized to maintain their properties is, again, not about rent control or rent prices. Right now, what we have is an imbalance in supply and demand. So an incentive to take care of units or not already is being dictated by the market, because what's the point of, you know, making sure that you have heat in November for families who are living in City View Apartments, if you could just evict them and have 30 more people lined up behind to get that unit. And I will with a caveat-- not with a caveat, but will just point out, once again, this is not all landlords. There are great landlords, good landlords all across the state who are doing this because they understand that this is their responsibility. It's not about rent control. It's a business. And if you're good at your business, then you will find a way to make sure that your tenants stay in your units and, you know, pay their rent and are happy. And I hear that over and over again in Judiciary Committee. So I know that there are good landlords. I know some of them are sitting behind me. But it's not a matter of whether or not there's rent control.

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J. CAVANAUGH: Thank you.

SANDERS: Thank you, Senator Cavanaugh. Any other questions from the committee? I see none. Thank you, Dr. Feichtinger.

ERIN FEICHTINGER: We're going to get it by the end of session. Thanks.

Thank you for your testimony. Are there any other in opposition of LB266? See none. Any in the neutral? See none. We'll go ahead and close on LB266. And for the record, we have online-- quite a few-- position comments for the hearing. Proponents, 37; opponents, 22; neutral, zero. Changing of the guard here. And Andersen isn't back yet, so does it fall on Cavanaugh?

J. CAVANAUGH: Sure. Why not?

SANDERS: But you have to leave probably--

J. CAVANAUGH: I'm not-- I'm going to have to leave after Senator Hunt. She's before me.

SANDERS: OK. And I think this will be quick. Did we change this? Is it 1-2--

_____ : Yeah. It's, it's changed.

SANDERS: OK.

J. CAVANAUGH: Welcome, Senator Sanders, for the Government, Veterans and Military Affairs Committee hearing on LB123. You're welcome to open.

SANDERS: Thank you, Senator Cavanaugh. Good afternoon, members of the Government, Military and Veterans Affairs. I am Rita Sanders, R-i-t-a S-a-n-d-e-r-s, representing District 45, which encompasses much of the Bellevue/Offutt community. LB123, requested by the State Treasurer's Office in cooperation with the State Auditor's Office to sync up withholding and potential redistribution of state aid, specifically highway allocation in two statutes: 19-2907 and 13-522, as related to a noncompliant governmental unit. For purpose of this request, governmental units are cities and villages. Currently, there is a discrepancy in the statutes mentioned for distribution-- redistribution of funds. This bill will mirror 13-522 to what is in

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19-2907. This bill also adds provisions for continuing noncompliance to the requirements in both statutes. A representative from the Treasurer's Office is here and will explain in greater detail. Are there any questions?

J. CAVANAUGH: Thank you, Senator Sanders. Are there any questions from the committee? Looks like you got off easy.

SANDERS: Thank you.

J. CAVANAUGH: We'll take proponents.

HEIDI WALLACE: Good afternoon, members of the Government, Military and Veterans Affairs Committee. My name is Heidi Wallace, H-e-i-d-i W-a-l-l-a-c-e, Deputy Director of Treasury Management, and I'm representing the State Treasurer's Office, Treasury Management Division. I'm here today in support of LB123. As Senator Sanders noted in her opening statement, we requested the introduction of this bill in cooperation with the State Auditor's Office to synchronize our withholding procedures for statutes 13-522 and 19-2907, and I believe there was an amendment introduced for 13-3407-- and-- to add provisions for continued noncompliance with the above-mentioned statutes. The introduced bill amends 13-522 and 19-2907. And I believe, like I said, the amendment would amend 13-3407. There are two goals with this request. The first is to synchronize and with-- the withhold and redistribution process in 19-2907, 13-522, and 13-3407 if a city or village remains noncompliant after the 6-month escrow period and forfeits state aid. In 19-2907, if a city or village forfeits their state aid, it is redistributed to other cities and villages in the county where the delinquent city or village is located. In 13-522 and 13-3407, the forfeited funds are distributed to every city or village in the state that is receiving state aid payments. We are requesting to update 13-522 and 13-3407 to agree with the provisions in 19-2907. When we redistribute to every city or village in the state receiving state aid, it can amount to mere cents. In the 27 years I have been in my position and responsible for this process, it is generally the smaller villages that remain noncompliant past the 6-month escrow period, which means the amounts being redistributed are smaller. The second is to add a provision to all 3 statutes to remove the noncompliance city or village from the distribution if, after 12 months from receiving notice from the Auditor's Office, the city or village remains out of compliance. This would allow our staff to avoid

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a continuous withhold and redistribute, redistribute process, which can be timely. Should the city or village once again become compliant, they would be added back into the distribution and resume receiving state aid. Currently, we are withholding and redistributing highway allocation funds for the village of South Bend, and have been for roughly 5 years. There doesn't appear to be an end in sight. Since 2019, we have redistributed just over \$81,000 that should have gone to South Bend. We're currently still withholding and redistributing funds. Highway allocation and highway incentive payments are the most common payments we withhold. In closing, I'd like to thank Senator Sanders and-- for inter-- for introducing this bill on behalf of the State Treasurer's Office and the State Auditor's Office. Also, thank you to the committee members for hearing my testimony today, and I'm happy to answer any questions if you have any.

J. CAVANAUGH: Thank you, Ms. Wallace, for being here. I saw your boss walked in. You did a great job. See if, see if there are any, any questions from the committee. Senator Guereca.

GUERECA: Thank you for coming in, Ms. Wallace. I-- in your testimony, you referred to the city villages. And I know the one-liner on this bill is certain political subdivisions. Are school districts included in these provisions?

HEIDI WALLACE: Not that I'm aware of. Most of what we're dealing with are the state aid that goes to the cities and the counties. And in all my years, I've only withheld from cities.

GUERECA: OK. I'm, I'm asking because there, there was an online comment from a superintendent.

HEIDI WALLACE: Oh. I-- oh, yeah, I don't believe it does.

GUERECA: OK. Thank you.

J. CAVANAUGH: Any other questions? Seeing none, thank you for your testimony, Ms. Wallace. Any other proponents?

JEFF SCHREIER: Good afternoon, acting Chairman Cavanaugh, members of the committee. My name is Jeff Schreier, J-e-f-f S-c-h-r-e-i-e-r. I'm an audit mana-- manager for the Auditor of Public Accounts, and I am appearing today on behalf of State Auditor Mike Foley and our office in support of LB1--LB123. We believe this bill provides good

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clarification, harmonization, and clear direction to both the State Treasurer and to the State Auditor regarding the proper withholding procedures to follow when municipality audits are not filed timely with the APA and when we note noncompliance with the budget limits during our review of the political subdivision budget forms. We appreciate the State Treasurer's Office for working on this legislation and allowing our office to provide input, and for Senator Sanders to introduce this bill. With that, thank you for your time, and I would be happy to answer any questions.

J. CAVANAUGH: Thank you, Mr. Schreier. Let's see if there are any questions from the committee. Senator Guereca.

GUERECA: Pure curiosity. How often are municipalities required to do these audits?

JEFF SCHREIER: Annually. They're, they're required to have an audit annually or to receive an audit waiver from our office. So this would be either they have a CPA firm do the audit or they submit the forms to us to request a waiver, and then we would need to approve that waiver. But that would, that would be an annual, annual process. And to, to verify your, your other question, school districts would not be, be encompassed in this.

GUERECA: Thank you.

J. CAVANAUGH: Any other questions? I just have one myself. So. Ms. Wallace testimony mentioned, I think it was South Bend, as maybe a habitual offender. Being a senator from Omaha, has Omaha ever been on the naughty list?

JEFF SCHREIER: Not that I am aware of. I've been around for about 12 years and I don't remember Omaha being a problem.

J. CAVANAUGH: Great. Thank you, Mr. Schreier. Any other questions? Nope? Well-- and I'll tell your boss you did a great job, too.

JEFF SCHREIER: Thank you.

J. CAVANAUGH: Any other proponents? No, no proponents. Any opponents? No. Anyone in the neutral capacity?

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CANDACE MEREDITH: Good afternoon. My name is Candace Meredith, C-a-n-d-a-c-e M-e-r-e-d-i-t-h, and I am the deputy director at the Nebraska Association of County Officials, otherwise known as NACO. We're just here today in neutral capacity. Again, just to recognize-- again, we worked under LB34 in the special session where cities and counties are now under the Property Tax Growth Limitation Act. And so this one was looking at some restricted funds which the counties and cities are no longer under, so we just wanted to bring that to the committee's attention. And it looks like-- sounds like there might be an amendment coming as well for that. So just wanted to point that out since there is a mention of the highway allocation funds. If something is to go wrong, counties do get a portion of that so just wanted to make sure that was recognized. And that's all I have, if there's any questions.

J. CAVANAUGH: Thank you, Ms. Meredith. Let me see if the committee has any questions. Any questions? No. Looks like you got off easy. Thank you. Any other neutral capacity? Seeing none, Senator Sanders-- Chair Sanders, you're welcome to close. Senator Sanders waives closing. And for the record, there were, it looks like two comments: one proponent and one opponent. I believe that closes the hearing on LB123 and the Government, Military and Veterans Affairs hearing overall.

SANDERS: Thank you, Senator Cavanaugh.