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Appropriations Committee
February 11, 2016

[LB715 LB789 LB1018]

The Committee on Appropriations met at 1:30 p.m. on Thursday, February 11, 2016, in Room 1003 of the State Capitol, Lincoln, Nebraska, for the purpose of conducting a public hearing on LB715, LB789, and LB1018. Senators present: Heath Mello, Chairperson; Robert Hilkemann, Vice Chairperson; Kate Bolz; Tanya Cook; Bill Kintner; John Kuehn; and John Stinner. Senators absent: Ken Haar and Dan Watermeier.

SENATOR MELLO: Good afternoon and welcome to the Appropriations Committee. My name is Heath Mello. I'm from south Omaha, representing the 5th Legislative District and serve as Chair of the Appropriations Committee. I'd like to start off today by having members do self-introductions, starting first to my far left. Senator Bill Kintner from District 2, Sarpy County and Cass County, will be joining us shortly.

SENATOR COOK: I'm Senator Tanya Cook from District 13, which is in Omaha and Douglas County.

SENATOR MELLO: Sitting next to Senator Cook is Senator John Kuehn, representing the 38th Legislative District in south-central Nebraska. Senator Kuehn will be joining us shortly.

SENATOR HILKEMANN: And I'm Senator Robert Hilkemann. I represent District 4, which is in west Omaha.

SENATOR STINNER: I'm John Stinner. I represent District 48, Scotts Bluff County.

SENATOR BOLZ: Senator Kate Bolz, District 29, south-central Lincoln.

SENATOR MELLO: Sitting next to Senator Bolz is Senator Ken Haar, representing the 21st Legislative District in northwest Lancaster County. He will be joining us shortly. And sitting next to Senator Haar is Senator Dan Watermeier, representing the 1st Legislative District in southeast Nebraska, and he also will be joining the committee shortly. Assisting the committee today is Laurie Vollertsen, our committee clerk; and our committee page is Julia Oestmann; and our fiscal analyst to start off the afternoon is Scott Danigole. On the cabinet up here to your right you'll find some yellow testifier sheets. If you're planning on testifying today, please fill out one of the sheets and hand it to Julia, our page, when you come up. It helps us keep an accurate record of today's public hearing. There is also a white sheet on the cabinet that if you do not wish to testify but would like to record your position on a specific legislative bill or agency request. When we hear testimony this afternoon regarding state agencies, we will first hear from a

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representative of that state agency. We will then hear testimony from anyone who wishes to speak on that agency's budget request. We will begin bill...legislative bill testimony with the introducer's opening statements. We will then hear from supporters of the bill, followed by those in opposition, and then those speaking in a neutral capacity. We will finish with a closing statement by the introducer, if they so wish to give one. We ask that you begin your testimony this afternoon by giving us your first and last name and spelling it for the public record when you begin. If you do have any handouts, please bring at least 11 copies of them with you. And if you do not have them, please let the page know, Julia, and she can help make more copies for us. We will be using a five-minute light system today for all testifiers other than the introducer of the bill or an agency representative. When you begin your testimony, the light on the table will turn green. The yellow light is your one-minute warning. And when the red light comes on, we ask that you wrap up with your final thoughts. At this time, I would ask all of us to look at our cell phones and make sure that they are on the silent and/or vibrate mode. And with that, at this time we will begin today's public hearings with Agency 9, the Nebraska Secretary of State.

(AGENCY HEARINGS)

SENATOR HILKEMANN: Are there other testifiers for Agency 24, the Department of Motor Vehicles? Seeing none, that will close the public hearing on Agency 24, the Department of Motor Vehicles. And with that, we'll begin the testimony on LB715. Senator Stinner. [AGENCY 24]

SENATOR STINNER: (Exhibit 1) Thank you, Chairman Hilkemann and members of the committee. For the record, my name is John, J-o-h-n, Stinner, S-t-i-n-n-e-r. The purpose of this bill is to continue funding the Nebraska Cultural Preservation Endowment Fund, not to exceed \$500,000, beginning December 31, 2017, and continuing through December 31, 2026. Presently, we are funding \$750,000, so this is a reduced request by \$250,000. Also, the bill requires that there be an equal amount, certified equal amount raised in the private sector as a matching fund for their endowment on the private side. The fund was created in 1998 to do three things: first, stabilization of arts organization; second, arts education programs that have significant statewide impact; and third, advocacy for the importance of the arts in our economy, education, and quality of life. The fund is allocated in the following manner: 65 percent is to be used toward stabilizing arts organizations; 30 percent for art education programs that have significant statewide impact; and 5 percent for the promotion of arts as a tool for economic development and quality of life. The earnings from the endowment are split 70 percent to the Nebraska Arts Council and 30 percent to the Nebraska Humanities Council, and it also matched by private funds. Cultural endowment funds have been spread throughout our entire state. I think that the council has taken extreme efforts to try to get this spread out. And in fact, in my district, Scottsbluff, actually the town of...the city of Scottsbluff, there are two venues that they participate in helping fund and that's the Midwest Theater and the Nebraska Arts Center. They help them to bring in programs

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and to support both of those venues. And I truly believe that this is something that helps our small communities attract and retain and add quality of life to those communities. I do have testifiers that will talk about different aspects of the arts. So if you have any questions, you could ask them. (Laughter) [LB715]

SENATOR HILKEMANN: Do we have any questions of Senator Stinner? [LB715]

SENATOR KINTNER: You know, I would like to ask him one. [LB715]

SENATOR HILKEMANN: Yes, sir, Senator Kintner. [LB715]

SENATOR KINTNER: You know, we talk a lot of times. We don't need to have a little extended conversation here. But just out of curiosity, what's more important right now, tax relief or funding this, to our state, to our state? [LB715]

SENATOR STINNER: I will say this. There was a time in 2000...after 2008-2009 when this funding was suspended. And they understand that there are demands on the state that may hold a bigger priority over this. And I think that if you look at the past history, I think it was two years they suspended funding on this. So they understand where the budget is at, what the concerns are. And it's structured in that way as well. [LB715]

SENATOR KINTNER: With that being said, I'm very proud of the work they do. They do spread it around. It gets a lot into my district and they do incredible things. And it's not money badly spent by any stretch of the imagination. So I'm a little conflicted here myself. I, you know, we've got a lot of things to do. But I certainly can't say that we don't get a lot of bang for the buck with our Humanities, now it's Arts Council and all that. So I do want to say that, so. [LB715]

SENATOR STINNER: I do agree. Thank you. [LB715]

SENATOR KINTNER: Okay. All right. [LB715]

SENATOR HILKEMANN: Additional questions of Senator Stinner at this time? Okay. Are there other proponents for LB715? [LB715]

ROBERT NEFSKY: (Exhibit 2) Good afternoon, members of the Appropriations Committee. My name is Robert Nefsky, spelled R-o-b-e-r-t N-e-f-s-k-y. I'm an attorney in private practice in Lincoln. I'm a board member and a past president of the Nebraska Cultural Endowment, the

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private partner in the public-private partnership with the Nebraska Legislature. I am appearing today to testify in favor of LB715, which would add \$5 million to the Cultural Preservation Endowment Fund over the next ten years. I've been involved with the Nebraska Cultural Endowment since its inception in 1998. Prior to that, I was a member of the original steering committee which worked cooperatively with Senators LaVon Crosby of Lincoln and Don Pederson of North Platte to create a Nebraska Cultural Endowment which worked for our state. Since then, I was a member of a group which worked with Senator John Nelson of Omaha to add \$5 million to the Cultural Preservation Endowment Fund over a period of seven years on a matching basis where now we're closing in on adding the same amount to our private endowment. I've devoted a quarter of a century of efforts, a quarter of a century to this effort as a volunteer. I've served as chair of both Humanities Nebraska and the Nebraska Arts Council. And I can say it's all been worth the effort. I can also say they can't get rid of me. What we have created together is something we should all be proud of. Our cultural endowment is unique in the nation in terms of private support encouraging public support and vice versa. Since 1998 this matching and usually dependent mechanism has generated approximately \$8.3 million in support for arts and humanities projects and programs throughout Nebraska. These funds were generated with no ongoing impact on the state's budget at a time when the annual appropriations for the Nebraska Arts Council and Humanities Nebraska have been stagnant. What we are proposing today would add another \$5 million to the Cultural Preservation Endowment Fund over ten years but only to the extent we match it with contributions to our private endowment. The annual set-aside to increase the state fund, which we are proposing, is at a lower level than you are supporting today, and there is no current year fiscal impact to this bill. The Nebraska Cultural Endowment is a strategy that makes sense to citizens, businesses, and foundations that wish to support cultural Nebraska and the benefit of arts and humanities programming in our state. Thank you for your past support. Thank you and your predecessors in the Legislature for your continuing trust in us. A special thank you to Senator John Stinner of Scottsbluff for introducing LB715. Together we have and will continue to collaborate to find unique and uniquely effective ways to advance what the Nebraska Cultural Endowment provides--essential support for the very public endeavors of arts, culture, history, education, and economic development in our state. Thank you. And if anyone has any questions, I'd be happy to try to answer them. [LB715]

SENATOR HILKEMANN: Thank you, Mr. Nefsky. Are there questions from any of the members of committee? Senator Kintner. [LB715]

SENATOR KINTNER: Hi. Thanks for coming. Now the money that we gave to you in 2013 that Senator Nelson sponsored, where are we on that? Are we still giving on that or have we put all the money into your account, have you matched it? Where are we on all that stuff? [LB715]

ROBERT NEFSKY: I believe there's one more set-aside that is slated to be made at the end of 2016... [LB715]

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SENATOR KINTNER: Okay. [LB715]

ROBERT NEFSKY: ...assuming that there's a match to that. It would be in the amount of \$750,000. Is that...do I have that correct? That's where we are today. [LB715]

SENATOR KINTNER: Okay. In going back to, let's say, 2011 versus now, how are things different now that money has gone in? What's been done that wasn't done before? What's been the impact of that money? [LB715]

ROBERT NEFSKY: Well, the impact of that money I think is a matter of annual income going to arts and humanities projects and programs throughout the state. And the annual income, there is no ongoing impact on the state's budget. With respect to set-asides that have occurred, I believe, I think you mentioned 2013, there's no ongoing impact to the state budget and that money goes into a set-aside program where if we match it, we match the income, we get the income for arts and humanities... [LB715]

SENATOR KINTNER: (Inaudible). [LB715]

ROBERT NEFSKY: ...programs and projects. [LB715]

SENATOR KINTNER: Okay. [LB715]

ROBERT NEFSKY: And if we don't, to the extent we don't match the income, we don't get it. The money stays set aside. [LB715]

SENATOR KINTNER: What impact does it have, though, on the arts community and the humanities community and all the programs out there? I mean how much more have you been able to do since we've done that? [LB715]

ROBERT NEFSKY: Well,... [LB715]

SENATOR KINTNER: And there may be some other people that can answer that too, (inaudible). [LB715]

ROBERT NEFSKY: There probably...I don't have those specific numbers. What I can tell you is, since inception, this has generated \$8.3 million from the state fund and that is only because it has been matched at least one to one with private funds on the income basis. So the...what we've

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been able to do is probably support at least almost \$17 million worth of programming over these--I can't count--18 years. And...but the true match is much greater than that. So the impact, for example, on your community that...your district has been very significant in terms of the real dollar amount and the real amount of programming that can be provided. It well exceeds the income that has come from the set-aside. Does that answer your question? [LB715]

SENATOR KINTNER: Yes, it does. [LB715]

ROBERT NEFSKY: Okay. Good. [LB715]

SENATOR KINTNER: Thank you very much for coming today. [LB715]

ROBERT NEFSKY: I'll be happy to answer any other questions. [LB715]

SENATOR HILKEMANN: Any additional questions? Thank you for coming. [LB715]

ROBERT NEFSKY: Good. Thank you for having me. [LB715]

SENATOR HILKEMANN: Additional proponents for LB715. [LB715]

CHRIS SOMMERICH: (Exhibit 3) Mr. Chairman, members of Appropriations Committee, I'm Chris Sommerich, C-h-r-i-s S-o-m-m-e-r-i-c-h. I'm executive director of Humanities Nebraska, a statewide nonprofit dedicated in enriching the lives of Nebraskans through high-quality educational humanities programs. I'm speaking here in favor of LB715, which will provide additional transfers, as you have heard. When--and this gets to your question, line of questions a little bit, Senator Kintner--is when we were established in the 1970s, Humanities Nebraska, we were primarily dependent on federal dollars from the National Endowment for the Humanities. And our activities were largely limited to supporting public humanities programs through grants. It quickly became apparent there's a lot more needs out there throughout the state, and over the years our programming has expanded and diversified to meet the needs of rural and urban citizens. I can't emphasize enough how critical the creation of this private-public partnership through the Nebraska Cultural Endowment has been to those efforts. Before the existence of the Nebraska Cultural Endowment, Humanities Nebraska was distributing about \$150,000 a year in grants, spending about \$50,000 to \$100,000 to make humanities scholars available throughout the state through a new speakers bureau, and then offering a summer Chautauqua program to better reach rural areas, and that was about all we could manage without greater resources. And then to add to that challenge, in the 1990s the budget of the National Endowment for the Humanities was slashed tremendously, as was the National Endowment for the Arts. And for us

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state Humanities Councils around the country, it was kind of a grim future, not knowing where our funding was going to come from. Fast-forward to now: Humanities Nebraska has doubled the amount of grants we award, built up one of the largest humanities speakers bureaus in the nation, continued to reach thousands of people every year with the Chautauqua program, added to several other vital program areas, such as Capitol Forum on America's Future, Museum on Main Street, and Prime Time Family Reading Time. The amount of funding going to humanities programs and grants overall has nearly doubled in the last 15 years from about \$650,000 in 2000 to \$1.25 million in 2015. That growth translates into many thousands more Nebraskans of all ages benefiting from the humanities in their lives every year. Most of that growth would not have happened without the Nebraska Cultural Endowment partnership and our own private fund-raising efforts. Our revenue sources are much more diversified now, with federal dollars accounting for a significantly smaller, although still important, portion of our annual budget. Like every nonprofit, we still have to navigate never-ending funding challenges, but we are better positioned to do so than many of our counterparts around the country. Additional transfers to the Cultural Preservation Endowment Fund in the coming years will provide our donors across the state with the knowledge that their support will continue to leverage a state match, which is a powerful incentive for giving. For Humanities Nebraska, this additional support will enable us to gradually expand our impact in several areas. For example, despite that growth in grants I referenced, we are currently able to only fund about 50 to 60 percent of the dollars requested by our grantees. Your support can help move that percentage higher. We would also apply more funding to a new Prime Time Preschool program that we introduced last year. You are all familiar with how important it is to reach children before they get to kindergarten, and Prime Time Preschool is bringing children ages three to five and their parents together to reach and discuss books and engage in learning activities. The early results are very encouraging. And finally, we have recently piloted a writing workshop for veterans and active military personnel called Nebraska Warrior Writers. I have personally witnessed the impact of this program...that this program is having on participating veterans, and I believe there's a great need to reach more veterans that have served in difficult times of conflict who can use the humanities to process their thoughts and readjust to civilian life. And you can help us do that as well. So with that, thank you so much for your consideration. I'm happy to answer any questions. [LB715]

SENATOR KUEHN: Thank you, Mr. Sommerich. Do we have any questions? Questions from the committee? Thank you. [LB715]

CHRIS SOMMERICH: All right. [LB715]

SENATOR KUEHN: Others who wish to testify in support of LB715. [LB715]

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SUZANNE WISE: (Exhibit 4) Good afternoon, acting Vice Chairman Kuehn (laughter)...
[LB715]

SENATOR KUEHN: Thank you and welcome. [LB715]

SUZANNE WISE: ...and the rest of the committee. My name is Suzanne Wise, that's S-u-z-a-n-n-e, Wise, W-i-s-e, and I'm the executive director of the Nebraska Arts Council. I'm here to testify in support of LB715. And I think the handout that we provided for you on page 4, there's a list of what the accomplishments have been since 1999 that I think is apropos to Senator Kintner's question about what has happened with the Cultural Endowment that would not have happened had both of our agencies been limited to other funding. In the enabling legislation, mention is made of stabilizing arts organizations. We do this by providing an annual general operations grant to an elite group of 56 arts organizations statewide. Elite does not necessarily mean large in terms of scope or budget. Rather, this is a group that provides cultural leadership within a community. Now that's not to say that other arts organizations do not get our funding, but we feel, because they are getting this extra funding from the Cultural Endowment, it's critical that they are providing leadership within their community, particularly in terms of diversification of their programming, really reaching out into schools with their programs, and demonstrating that they understand how to be a solid practitioner of their craft, be it a museum, be it a performing arts center, whatever the case may be. Currently, the money that comes from the Cultural Endowment comprises 40 percent of this grant. So in other words, what these organizations receive today is 40 percent greater than it would have been if they had just had to rely on the General Funds that we receive from the State of Nebraska. The most recent economic impact study on the arts in Nebraska provides I think really compelling evidence to the growth of the nonprofit arts and culture sector in our state. We're using now 2010 figures because we're just now in the process of doing a new study. But as of 2010 figures, arts and culture, and this is the not-for-profit sector, generated almost \$175 million in total economic activity, and it supported almost 6,500 full-time jobs. And I thought it was interesting last week when the Nebraskans for the Arts had their advocacy breakfast. Several of the art supporters that were there were asked the question: You actually get paid to do this? You actually have a full-time job? And indeed, they do. So it really is a sector in Nebraska's economy. In addition, the Cultural Endowment has enabled us to do things that we wouldn't have been able to do, and I'd like to just cite one example. For many years educators and parents asked us why Nebraska did not have fine arts curriculum standards for schools. We would go and talk to the Nebraska Department of Education. The commissioners were always very kind but basically would say, well, we don't have the money to do this. We don't have the money to do the research and write the standards. Well, thanks to the Cultural Endowment, I was able one year to say, well, how much would that cost? And they gave me a figure and it was certainly within the realm of what we had gotten from the Cultural Endowment. So essentially, the Nebraska Arts Council paid to have standards in the fine arts developed and written by the Nebraska Department of Education. They were

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passed by the state board I believe in 2014 and now we are currently helping to implement them in schools statewide. The Cultural Endowment is unique nationally. It's the only one that funds both the arts and humanities. I would say, too, it's one of the few that really works extremely well and I think part of this is because of that public-private partnership. So 1997 to 2017 will be 20 years of the Cultural Endowment. I think it's really been a wonderful partnership. It's unique. It's something that works. It's something that impacts both the public sector and the private sector in a really unique and solid partnership. So with that, I will conclude. [LB715]

SENATOR KUEHN: Thank you, Ms. Wise. Do we have any questions from the committee? Thank you for your testimony today. [LB715]

SUZANNE WISE: Thank you. [LB715]

SENATOR KUEHN: Anyone else who would like to address the committee in support of LB715? Do we have anyone who would like to speak in opposition to LB715? Anyone who'd like to speak in a neutral capacity? Senator Stinner, would you like to close? Senator Stinner waives closing. This closes the public hearing on LB715. Moving on, on our committee agenda, we will be moving to LB789 by Senator Cook. [LB715]

SENATOR COOK: Good afternoon, acting Vice Chair Kuehn and fellow Appropriations Committee members. My name is Tanya Cook. That is spelled T-a-n-y-a C-o-o-k. I represent the 13th Legislative District in Omaha. I present to you LB789 which, you'll be glad to hear, does not ask for any new appropriation, Senator Kintner. [LB789]

SENATOR KINTNER: Yea! (Applauds) [LB789]

SENATOR COOK: Thank you. The Nebraska Arts Council brought to my attention the need to make some adjustments to our 1 percent for art statutes. Under this program, 1 percent of appropriations for a state construction or remodeling project is allocated to works of art. In short, LB789 provides for two changes. The first is to adjust the statute to reflect what generally happens in practice; that is, to allow the contracting agency to negotiate directly with the artist about installation needs that fit into the construction costs. Secondly, LB789 removes the 10 percent cap on the Art Council's fee that can go into the maintenance fund, allowing it to grow so...allowing it to grow as it needs to, to meet needs. It is necessary to ensure there are sufficient dollars to protect what the state has invested in. That currently is more than 600 works of art. Suzanne Wise with the Nebraska Arts Council will provide you with more detail on the reasons the proposed changes are needed. I thank you for your consideration and ask for your support of LB789. [LB789]

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SENATOR KUEHN: Thank you, Senator Cook. Any questions from the committee for Senator Cook? Thank you. We'll move to other proponents for LB789. [LB789]

SUZANNE WISE: (Exhibit 1) Well, good afternoon, Senator Kuehn, Senator Bolz, and Senator Kintner. I am Suzanne Wise, that's S-u-z-a-n-n-e, Wise, W-i-s-e, and I am the executive director of the Nebraska Arts Council. And I would like to thank Senator Cook for filing this bill on our behalf. Nebraska's 1 percent for art law was established in 1978 and is one of the nation's oldest public art laws. When the Nebraska Legislature authorized the construction of a new building over \$1 million in cost or the renovation of an existing building that will cost \$500,000 or more, 1 percent of the budget is allocated for artwork. Now there are exceptions. Only buildings open to the public, which excludes garages and the like, are eligible when determining the 1 percent budget. Certain deductibles are also allowed. Currently, the state of Nebraska has over 600 works of art in buildings from Chadron to Omaha and include the hearing rooms, 1507 and 1510. So if you do business in those two hearing rooms and happen to glance at the metal sculptures that are on the wall, that was from actually a building project within the State Capitol many years ago. With the statute almost 40 years old that outlines specific protocols, it's inevitable that technology and change in practice will render certain stipulations obsolete. So LB789 directs that two items be updated. Now the first allows the contracting state agency and the artist they've selected to negotiate the cost of installing the art, because currently it says that the agency has to take on that part because it comes out of their budget. Now when the statute was written, it assumed that the art would either be like pictures or sculptures which, you know, hang like this or put a piece of sculpture there. Now, with art being so many different things and it often has like electrical components or water features, when an artist proposes those it may very well be that an electrical outlet has to be moved to accommodate that. If that is something that's going to be a costly item, the law says now that the agency has to bear that cost. And what we've seen in practice is often the artist is willing to bear that cost and it becomes a negotiation between the agency and the artist. So really what we're asking is simply something that reflects what is currently happening. Secondly, the little program that we have to support repairs of art, being restricted to only 10 percent of our fee that we charge, and we charge anywhere from \$1,500 to \$6,000 to administer each commissioning project, by only being allowed to put 10 percent in a fund, it doesn't grow very quickly. And sometimes we're able, because we have cost-saving measures elsewhere in our agency, I may be able to put \$1,000 in as opposed to \$300. So that way we can grow the money and we can then allow more artwork to be repaired. And again, when you have art that's been around since...I think the first 1 percent project went in, in 1979, it's inevitable. We've got tapestries that are kind of unraveling. We have picture frames that are damaged. And this will help us help the state agencies to repair the artwork and keep it in good shape. And with that, I'll answer any questions. [LB789]

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SENATOR KUEHN: Thank you, Ms. Wise. Any questions from the committee? I have one. Just out of curiosity, do you have a ballpark figure on how much you spend annually to maintain 600 works of art? That's a huge inventory and collection. [LB789]

SUZANNE WISE: It is a huge inventory. Up until the last few years, we had nothing and we relied on the good graces of our various state agencies. A number of the works are at the university and the State College Systems, and sometimes they could scrape together things. And we would even say, gee, maybe you should write a grant to the Arts Council, maybe we can help you out that way, because of course it's a different funding stream. So I'd say that probably on average, if we had the money, we could probably be using between \$2,500 and \$10,000 a year. Again, sculptures can be very, very expensive to repair. There's one outside the Law Enforcement Training Center in Grand Island that is really subjected--you know, Grand Island, being flat, is really subjected to a lot of weather--and could probably use some repair right now. That would probably be in the \$4,000-\$5,000 range. [LB789]

SENATOR KUEHN: I appreciate your stewardship of this investment. That's a really valuable collection. I think everyone can appreciate just how extensive the maintenance and cleaning costs of that investment are over time, so I appreciate that. Other questions from the committee for Ms. Wise regarding LB789? Seeing none, thank you. [LB789]

SUZANNE WISE: Thank you. [LB789]

SENATOR KUEHN: Others who would like to speak in support of LB789. Do we have any individuals who would like to speak in opposition to LB789? Anyone wishing to testify in the neutral capacity? Senator Cook, would you like to close? Senator Cook waives closing. That closes our public hearing with LB789. I would also like to just step back for the public record on LB715. (Exhibit 1) We did receive a letter of support from the city of Lincoln, Lincoln Parks and Recreation Management from Lynn Johnson and Dave Landis in support of LB715. Moving forward, we are now ready for LB1018 from Senator Coash. I do not see Senator Coash so we will stand at ease, or sit at ease, as you may be. [LB789]

EASE

SENATOR KUEHN: Senator Coash, welcome. Welcome.

SENATOR COASH: Thank you. See, I was busy listening to your Chairman in Judiciary today.

SENATOR KUEHN: Take some time if you need a moment to...

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SENATOR COASH: I'm good. Okay.

SENATOR KUEHN: Okay.

SENATOR COASH: You ready?

SENATOR KUEHN: We are ready.

SENATOR COASH: (Exhibit 1) Okay. Good afternoon, Appropriations Committee. Colby Coash, C-o-l-b-y C-o-a-s-h, representing the 27th District right here in Lincoln, introducing LB1018. This is a bill to appropriate \$250,000 annually to Program 327 which, as you know, is the Nebraska Arts Council, appropriating this money for the purposes of establishing and funding a grant program to support Nebraska economic development in communities for the purpose of film production. I specifically chose the Nebraska Arts Council to have jurisdiction over this film grant program because of their reputation in managing state funds. My conversations with the Arts Council, I have full confidence they will be able to create and administer guidelines for the dispensing of these funds for Nebraska-based film projects. It would be my intent that with film grants, movies and programs that are filmed in our state will encourage tourism and show Nebraska communities in a positive light. Whether or not you saw the movie Bridges of Madison County, for example, I'm sure you've heard of it, which is a film based in Iowa that brought thousands of tourists to the country, to that county featured in the movie. LB1018 can provide another tool for economic development in Nebraska communities. Nebraska needs to offer more incentives to keep our talent in the state. University graduates tell me all the time that they want to stay and practice their craft in Nebraska but there simply is not enough projects or incentives to work here. Right down the street from the Capitol is the Johnny Carson School of Theatre and Film--proud graduate--and my question would be: How many of those graduates, that the University of Nebraska has invested years in teaching, stick around in Lincoln, Omaha, or even in the Panhandle? Not many. They graduate from our university and they head west to California or east to New York or to one of the many states that offer film tax incentives. I've had countless conversations with former Nebraskans who have left our state to work elsewhere. I also talk with many production companies and actors, and they are fleeing to states like Louisiana, New Mexico, and North Carolina because of incentives those states are offering. And I would say it's time to keep that talent right here in Nebraska and bring this industry back home. For several years, or at least since I've been here, senators--including myself, Senator Mello--have introduced bills that give tax incentives to production companies that film in Nebraska. Many, many states offer these kind of tax incentives for film production. Nebraska has some small incentives but nothing in comparison to the millions of dollars that states like California, New Mexico, and Louisiana offer. Tax incentives for film production purposes can be difficult to navigate for small production companies, and usually lawyers and

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accountants need to be hired when the credits become obsolete and, ultimately, it is not worth the hassle. Other states and even cities are offering grants, such as South Carolina, San Francisco, Charlotte, and San Antonio, Texas. North Carolina now has one of the most lucrative film tax incentives in the nation, but they switched to a grant-based system last year and offer quite a bit more in film grants. LB1018 is pretty modest when you compare it to all those cities and states that I gave you, but it is requesting a small amount that can jump-start a growing industry in our state, provide some economic opportunities, and ultimately keep some talent right here in our state. So I want to stop there and see if you have any questions. [LB1018]

SENATOR KUEHN: Thank you, Senator Coash. Are there questions from the committee?
Senator Kintner. [LB1018]

SENATOR KINTNER: Thanks for coming down to the den here. We, as I hear you, we are competing against other states. [LB1018]

SENATOR COASH: We do. [LB1018]

SENATOR KINTNER: And we do that with the Nebraska Advantage Act, hundreds of millions of dollars in tax credits for companies to create so many new jobs and do all that. So there is a precedent for trying to keep up with the Joneses... [LB1018]

SENATOR COASH: That's right. [LB1018]

SENATOR KINTNER: ...and trying to capture economic activity that might go to another state. So it's been done before. So what you're asking is not out of the realm of what we do. My question is, what does \$250,000 get us in this...in the arena of competing for film projects and stuff? I just don't know what \$250,000 gets. Could you kind of walk through... [LB1018]

SENATOR COASH: Sure. [LB1018]

SENATOR KINTNER: ...how that might be disbursed, what you do or...? [LB1018]

SENATOR COASH: Well, I can, and I think some testifiers will be able to follow up on this. First of all, it was not my intent that \$250,000 would, should this become law, it would not be my intent that the Arts Council would let out \$250,000 to one project per year. While I think they could, my intent is to jump-start an industry here where some small investments could garner bigger investments. If we can continue to grow the talent we have or at least put something in place to keep the talent we have here, I think that would go a long way. Even if you

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gave away the full \$250,000, in a large production, that's a very small percentage. Large, large movies cost lots and lots of money. I've always said that Nebraska could compete with those other states but it's...I think that's a ways down the road. I look at LB1018 as a small step to showing the country, showing our state that this industry has some value in the tourism it can bring and in the jobs it can create. What I would anticipate happening...not every...there's going to be...should this become law, I would predict a lot of applications for this money. And what I have asked the department...or the Arts Council to do through this bill is to look at those projects that might have not only an economic benefit to the community where that film might be made but to the value to the state. An example would be if there was a film that needed some western-type scenery, something out in the Panhandle, and that was the setting that fit well with that film, you can create that digitally or you can come to the place where you can really see the hills and the mountains and the trees. And my hope would be that the Arts Council, for example, would take a look at that production and say, we understand that if we can help reduce your bottom-line costs even by \$50,000 out of this \$250,000 grant, our hope would be that not only would you put that area citizens to work, get some opportunities for work, but people might see that film and say, I'd really like to go back there and see the place where that film was made. That's what Bridges of Madison County did for a county in Iowa, Dances with Wolves did for the Black Hills. It is those kinds of things where Nebraska needs to be able to do some...just something a little bit more than the neighboring states, right, because it takes very little, in my experience, to move a production somewhere. And if this becomes that little hook that gets a production in our state versus Colorado, Kansas, Iowa, then that's worth the investment. I think that...you know, I talk to production companies pretty frequently, because I've been involved in other bills like this, pointing them to what the state of Nebraska can do, and it takes very little. I do see this as a way to get into bigger kinds of productions. While I don't doubt the ability of the Nebraska talent, we're not going to be the next Hollywood, okay? But we've got to get some wins under our belt and we've got to show the industry that we can compete. And so I look at this as a, as you put it, as a competition approach. That was kind of a long way to answer that question. [LB1018]

SENATOR KINTNER: What kind of...yeah, it was long. (Inaudible) [LB1018]

SENATOR COASH: I'm good at that. [LB1018]

SENATOR KINTNER: What kind of credits do we have already? We have credits, right? [LB1018]

SENATOR COASH: We have a small credit. It's not...it's a bill that I passed about five years ago and it's not a credit from...that applies to anything that has to do with the state. So the credit that is available to companies here in Nebraska is on a local basis on their LB840 funds, which is a local tax collected, which means a production company can negotiate with a small...or not a

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small, any community that has that, and there's about 66 in our state that have that. And through a vote of their city council, on their LB840 plan, some funds can be used to participate in a film production at the city level. I can tell you that since we've passed that bill, we've had several productions get pretty close to using that, but we still haven't got that win, which I was hoping for when we passed that bill. So this is another attempt to try to do that. [LB1018]

SENATOR KINTNER: Okay. Thank you. [LB1018]

SENATOR COASH: If I can, Senator Kintner, I wish the Nebraska Advantage Act applied to film, but the Nebraska Advantage Act has been narrowly focused to particular sectors of which film does not qualify: biomedical, technology, manufacturing. [LB1018]

SENATOR KINTNER: Okay. [LB1018]

SENATOR KUEHN: Thank you, Senator Kintner. Any other questions from the committee? Seeing none, thank you, Senator Coash. [LB1018]

SENATOR COASH: Thank you. [LB1018]

SENATOR KUEHN: Individuals who would like to testify in support of LB1018. [LB1018]

MARK HOEGER: (Exhibits 2 and 3) Thank you, members of the committee. My name is Mark Hoeger, which has a trick spelling: Mark is with a K but the Hoeger is H-o-e-g-e-r. I'm from Omaha. I'm here representing the Nebraska Film Association of which I am the president. One of the documents I brought along was a letter supporting this bill from Carole Zacek. She's a good example of one of our members. She is a very accomplished costume designer and wardrobe supervisor who's worked on many, many theater and motion picture productions around the world, and concluding just recently the current Academy Award nominee for best picture, Hateful Eight, which was shot in Colorado. And it's an example of the kind of talent. We have three Academy Award winners living and working out of Nebraska currently, so the talent pool is there. We just need to create an environment that's going to make it more conducive to developing this very, very important industry. And the over 1,000 members that we have in NFA come from...they're not all obviously working in TV and feature films. They're working in corporate communication departments, universities, many, many settings where motion pictures are used as a form of communication of both advertising and education. So this is an industry that goes way beyond just making movies or TV shows. As an organization, we have been very encouraged recently. There seems to be more interest coming in this. Several years ago we were asked to see if we could come up with a recommendation of a kind of incentive package that

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would make sense for Nebraska, and we took that seriously. We began to do surveys of what was happening in other states. And one of the first things we identified is that states have, for the most-effective states, have designed their incentives to be tailored to their overall economic objectives. So, for example, in a state like Michigan, which suffered employment losses, they were all geared towards getting employment, local employment to people. A place like Hawaii, it's all about tourism, you know? In Hawaii, if you put the name Hawaii in your show, which is why it's called Hawaii Five-0, you get an extra 15 percent bump in your incentive. So that's why you see all these, you know, films and TV shows that have Hawaii in the name of them, and that's a very clever way for them to use to promote tourism. We put together a survey, which I included in the package, of what different states are doing to create different kinds of incentives to meet these economic objectives. During the last gubernatorial election, we met with both the candidates and got commitments from both of them that they were interested in this concept. We recently had a very good meeting with the Governor's Chief of Staff. And basically, once the new DED director gets a chance to settle, we anticipate sitting down with her and working on a more extensive package that we'll hopefully bring back for a plan and a set of legislation for next session. In the meantime, though, we are here to strongly support what Senator Coash is proposing here in LB1018. Regardless of what that plan eventually ends up being, this is an important first step that's going to help and make a difference right away, because this bill will not attract, it's not enough money to attract big productions that are going to come in from Hollywood or something. It's going to support the indigenous filmmakers that are working right now in our state. And believe me, when you are self-financing putting together, scraping together that money to put these shows together, when I took my graduate school class in film business, my instructor said film was the art of painting with money. And in some ways, that's very true. That's the most important ingredient in making this stuff possible. And if you're putting together \$50,000 to \$60,000 to try to do a film, getting a grant for \$10,000 or \$15,000 could have a direct impact on the quality of that film. But also, I used to be the executive director of what's now the Rose Theater in Omaha. And you know, Arts Council and National Endowment for the Arts funding represented maybe 5 (percent) to 10 percent of our overall funding. But it was important leverage, because that vigorous vetting process, peer review, accountability that you then had to go back when you filed the end-of-the-year report was...indicated to potential donors that there was a "Good Housekeeping Seal" of approval in this thing. So for filmmakers, this would be a tremendous advantage to say this has been reviewed, it's a good project, we've got the endorsement of the Arts Council and the seed money. Now we can go out and raise and leverage that by factors of four, five, six, even ten at that point. So I guess basically we're going to have some other people come up here and talk about their life as working filmmakers here, are going to answer questions about what impact this would have on them. But I just wanted to let you know that this can make a huge difference. You asked a really great question: How does this compare to, say, tax cuts? My answer to that is always, I always see what you guys do as not spending our money but investing our money. And I guarantee you that this will be a good

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investment of funds. The returns you will see from this, what amounts to literally pennies per citizen, is going to have huge benefits back in return. So that's my spiel. [LB1018]

SENATOR KUEHN: Thank you, Mr. Hoeger. Do we have questions from the committee? Seeing none, thank you. [LB1018]

MARK HOEGER: Thank you. [LB1018]

SUZANNE WISE: (Exhibit 4) Good afternoon again. My name is Suzanne Wise, S-u-z-a-n-n-e W-i-s-e. I'm the executive director of the Nebraska Arts Council. I'm here to assure you that the Nebraska Arts Council is ready and willing to develop and administer a grant program that assists filmmakers in their production of a film in Nebraska that at the same time contributes to the economic development and creative enhancement of Nebraska communities. I believe the key to having a successful grant program that meets the goal of this legislation is to develop a thorough application process with careful and fair adjudication and rigorous monitoring. As an agency, we have successfully administered over \$21 million in grants just in the past decade alone, without controversy, favoritism, or fiscal malfeasance. We will be able to use our existing grant and database infrastructure. We have an audit procedure in place to monitor grantees, and our work with and knowledge of Nebraska communities has been cited nationally as being outstanding by our federal funding partner, the National Endowment for the Arts. The timing of this bill couldn't be better. We have been working on a creative community initiative for the past three years designed to help Nebraska communities and urban neighborhoods inventory their cultural assets and develop protocols for local government, the business sector, and nonprofit cultural sector to work together for capitalizing on economic opportunities. We feel that these communities and neighborhoods would be well positioned to host film productions. Similarly, with established film programs at both the Lincoln and Omaha campuses of the University of Nebraska, Metro Community College in Omaha, and Northeast Community College in Norfolk, cohorts of young film industry professionals are in training, and many would like to stay in Nebraska. The film grant program would help build this infrastructure. With any new program, the devil, as they say, is in the details. Currently 16 states nationally have a grant program for film production. Reading their criteria and stipulations for submitting proposals has reassured me that what this bill proposes is not only feasible but doable. What struck me in several of the programs was the key criteria for funding, which is: What is the economic benefit to the state? I think that is an excellent metric to determine which applications would be worthy of funding. In our process, we would ask filmmakers to outline who they would propose to interact with within the community or neighborhood where they are filming and require that a certain percentage of their budget be allocated to purchase services within that community, like catering, for example, for the crew. Additionally, we would want to know who would be hired locally and require that paid internships be offered. The Nebraska Arts Council does not have in-house expertise for establishing outreach to the film industry, which I think is a necessary component to promoting

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and administering the grant program. Therefore, as you can see in our fiscal note, a new staff position would be needed or I think there are some other mechanisms that, if the Legislature would like to entertain them, can certainly be worked out. I think this bill presents a great opportunity to diversify our economic prospects and build our cultural and artistic development. And I hope you will give it serious consideration. No questions? [LB1018]

SENATOR HILKEMANN: Thank you, Ms. Wise. Are there questions from the committee? Seeing none, thank you for coming. [LB1018]

SUZANNE WISE: Thank you. [LB1018]

JOHNNYE GERHARDT: Good afternoon, Senators. [LB1018]

SENATOR HILKEMANN: Good afternoon. Welcome. [LB1018]

JOHNNYE GERHARDT: My name is Johnnye Gerhardt, that's J-o-h-n-n-y-e, and my last name is Gerhardt, G-e-r-h-a-r-d-t, and I'm on the board of directors with the Nebraska Film Association. And first of all, I want to tell you that I have lived in Nebraska all my life and I want the same things for this state that you do. And in that vein, I would like to see more jobs created, more money spent here, and tourism increased. As a screenwriter, I have that in mind when I write a script for a film or a commercial. My first location preference is always Nebraska. Every location in every film, every commercial means money invested there. However--here's the however--I want my script produced. I want to sell it. So I write for locations that I think will appeal to producers. If cost is a major factor, and it usually is, my story location is currently left neutral so it can be filmed anywhere. But I'm always, always, always hoping for Nebraska. And if they come to me and ask me where it should be filmed, I will always say here. I currently have two films being optioned and one is in development. They usually don't ask me what...where they should film it, but if they do, I can guarantee you I'll recommend this state. I ask that the next time you watch a movie you sit through the credits. Every name on that list is a job, every single one of them, and we can certainly use more of those. Promoting and supporting the film industry of Nebraska is a win-win for all of us. Being a screenwriter, I'm trained to communicate in one sentence what it takes a novelist paragraphs to relate, and on that note I'll conclude my testimony. Thank you for your time. (Laughter) [LB1018]

SENATOR HILKEMANN: Thank you. [LB1018]

JOHNNYE GERHARDT: Questions? Comments? [LB1018]

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SENATOR HILKEMANN: Do we have any questions for Ms. Gerhardt? [LB1018]

SENATOR KINTNER: Little one. [LB1018]

SENATOR HILKEMANN: Senator Kintner. [LB1018]

SENATOR KINTNER: You know, my cousin is actually a screenwriter. He wrote the movie Red Eye and Disturbia... [LB1018]

JOHNNYE GERHARDT: Uh-huh. [LB1018]

SENATOR KINTNER: ...and a few others. And I haven't talked to him in a few years. He moved out of Hollywood, moved back to Kentucky to get his family away from the mess in Hollywood and... [LB1018]

JOHNNYE GERHARDT: Yes. [LB1018]

SENATOR KINTNER: ...the taxes and everything, so. But you can do that from long distance now, as you know. But I never did ask him this. I'm going to ask you this. Do you ever write something and you envision it being...you wrote it this way, you envisioned the scenes and everything this way,... [LB1018]

JOHNNYE GERHARDT: Uh-huh. [LB1018]

SENATOR KINTNER: ...and the director takes it and does it totally different? Does that happen, or do they always kind of talk with you about what you envisioned in how you wrote... [LB1018]

JOHNNYE GERHARDT: No. Once you get that check in your hands, it's not yours anymore. [LB1018]

SENATOR KINTNER: Okay. [LB1018]

JOHNNYE GERHARDT: You have absolutely no say in anything that happens. [LB1018]

SENATOR KINTNER: Well, has that ever happened? Did they ever go in a totally different direction than you thought they would? [LB1018]

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JOHNNYE GERHARDT: They can go...it can be totally unrecognizable. As a matter of fact, you may not get screen credit because they have other people reworking it. That being said even, they pay us pretty good money and we spend it in Nebraska. (Laughter) [LB1018]

SENATOR KINTNER: Okay. [LB1018]

JOHNNYE GERHARDT: That, yeah, but location, a script can be written also that can be location-specific. [LB1018]

SENATOR KINTNER: Okay. [LB1018]

JOHNNYE GERHARDT: One of my scripts, unfortunately, can't be filmed in Nebraska. It has to be filmed somewhere else, but...and that's very specific. But I always try to make it here. Anytime my husband and I go throughout the state, I think, oh, could I put a story there. I'm currently working on one for a local winery, a Nebraska winery, so there you go. [LB1018]

SENATOR KINTNER: Fantastic. Okay. [LB1018]

JOHNNYE GERHARDT: All right. Thank you. [LB1018]

SENATOR HILKEMANN: So you said you with the Nebraska Film Association. [LB1018]

JOHNNYE GERHARDT: Yes. [LB1018]

SENATOR HILKEMANN: So did you have some part in the film Nebraska? [LB1018]

JOHNNYE GERHARDT: No, I did not. No, I did not. [LB1018]

SENATOR HILKEMANN: Okay. And... [LB1018]

JOHNNYE GERHARDT: But I have been an extra for Mr. Payne. [LB1018]

SENATOR HILKEMANN: Okay. And...okay. And did Nebraska provide anything for that particular film or...other than locations? [LB1018]

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JOHNNYE GERHARDT: Location, location, location, and being connected to Mr. Payne. I mean you can't get any better than that. [LB1018]

SENATOR HILKEMANN: Yeah. [LB1018]

JOHNNYE GERHARDT: Yeah. [LB1018]

SENATOR HILKEMANN: Okay. [LB1018]

JOHNNYE GERHARDT: And then the title was Nebraska. [LB1018]

SENATOR HILKEMANN: Yeah. [LB1018]

JOHNNYE GERHARDT: So there you go. [LB1018]

SENATOR HILKEMANN: Yeah, that was filmed in Plainview, which is about 20 miles from where I grew up. So I was familiar with a few of the sites in that. [LB1018]

JOHNNYE GERHARDT: Oh. Are you in it? [LB1018]

SENATOR HILKEMANN: No, I'm not in it. No. [LB1018]

JOHNNYE GERHARDT: (Laugh) [LB1018]

SENATOR HILKEMANN: No. Thank you very much. [LB1018]

JOHNNYE GERHARDT: Thank you. [LB1018]

SENATOR HILKEMANN: Any other questions for Ms. Gerhardt? Additional proponents. [LB1018]

RHETT McCLURE: Hi. Rhett McClure, R-h-e-t-t M-c-C-l-u-r-e. I'm a professional advertising producer. I'm here today to talk about two other wheelhouses where I'm kind of a unique cat, that I'm a president of Nebraska Independent Film Projects, a nonprofit since 1991. Basically advocate for independent on the more...less professional side sometimes, sometimes. We have gotten documentaries made that wouldn't have been made otherwise through our fiscal

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sponsorship program. I wanted to speak a little bit about that, on connecting people in this new economy a little different than when the organization started in 1991. With the age of Amazon, Netflix, etcetera, streaming services, the next Alexander Payne is probably not going to come from the traditional film school background. Hoping they spring up organically, that's kind of our mission on getting these talents the things they need, things they need to do what they do. Nebraska Arts Council makes perfect sense to me--thoroughly vets, and you've got to do your homework to come in to present to them. The other half of what I wanted to present, as an independent business owner, small business owner, we made two feature films since 2008, employed people, interns, gotten them to talk to comedians, you name it, Hollywood producers. And just wanted to stress how much, yeah, \$250,000 doesn't sound like a ton of money but having made a feature film for \$50,000, we're hoping to quadruple that on the next one because a lot of that work is borne on the back of interns. And while it's great experience, other people have talked about the brain drain, etcetera, I'd say of the talented crew that worked on our last feature, 75 percent of those kids have moved to California since we shot the movie. So just wanted to voice my support of this bill. Talking about the reality of this business and kind of the educational factor of it, it's a hard industry to be in. But hopefully we're connecting, through technology, a lot of these kids and their dreams. Following some of the protocol of the existing film culture on how you get things done, how you get it distributed, and how you get your movie on Netflix, it's not the hardest thing in the world but there is a process to follow. So just wanted to voice my support on both a professional and educational, being president of a nonprofit. [LB1018]

SENATOR HILKEMANN: Okay. Thank you, Mr. McClure. Are there questions from any of the senators? Seeing none, thank you. [LB1018]

RHETT McCLURE: Thank you. [LB1018]

SENATOR HILKEMANN: Additional proponents. [LB1018]

DOUG ZBYLUT: (Exhibit 5) Good afternoon, members of the Appropriations Committee. My name is Doug Zbylut, D-o-u-g Z-b-y-l-u-t, and I'm the executive director of Nebraskans for the Arts and I'm here in support of LB1018. LB1018 is an important step in investing in our communities and developing our creative economy in a sector that is growing. In some of the testimony that I've submitted to you, I've attached economic data that shows the growth of the film and teleproduction industry in Nebraska. Also on the back of it, Senator Hilkemann, I actually have an economic impact executive summary of how the film Nebraska impacted Madison County and Norfolk. So you have the data inside of there that they did. With the ever-expanding market for multimedia arts entertainment via broadcast, cable, and the Internet, this is an industry that has enormous potential for Nebraska's economy. The impact from film

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production is something that creates both short- and long-term economic benefits. These benefits include: creating jobs during the production of the film; spending in the community where the production is filmed, including lodging, restaurant and catering, and shopping in local stores for materials and props; tourism, which is both during the production and after. There was some reference to that about the Dances with Wolves. Other examples of postproduction tourism includes the, every knows, Field of Dreams impact on Dyerville, Iowa, and more recently tourists are visiting shooting locations for The Walking Dead series throughout Georgia. And then also there's, of course, tax revenue derived from spending by film productions, which generates income and sales tax revenue for the state. As an example of how these benefits can impact a local Nebraska community, that's why I mentioned, Senator Hilkemann, I've included as an attachment the economic impact assessment of the filming of the movie Nebraska on the Norfolk community in late 2012. There's also other impacts. I was in Norfolk actually yesterday and talked to them and now they've actually got a Film Commission, you know? So they're out for prospecting for these kind of things. So that helped an impetus where they're really trying. They've seen the positive impact up there. Because of these community and economic benefits, attracting film projects to states is becoming increasingly competitive. In 2015 there were 39 states that offered a film incentive in the form of a tax credit, tax rebate, or grant. And I've included in my written testimony's footnote a link to a map that includes interactive links if you ever want to examine the tax incentives for any state. Nebraskans for the Arts encourages this committee to support LB1018 and provide our communities a tool to attract businesses that create film and teleproductions. The grant program would create a public-private partnership, with the funds received by the communities being spent in the community, keeping Nebraska state incentive dollars within the state. The grant program would be administered by Nebraska Arts Council, well-known for their deliberative grant review process. The Legislature would know that the grant awards have been thoroughly vetted. Thank you for your time, your consideration of this important bill. And our organization looks forward to working with you on promoting this once the program is passed. [LB1018]

SENATOR HILKEMANN: Thank you very much. Do we have questions? [LB1018]

DOUG ZBYLUT: Thank you. [LB1018]

SENATOR HILKEMANN: Seeing none, thank you for coming, Doug. Are there other proponents? [LB1018]

STATTIN YATES: (Exhibit 6) Hi. How are you? My name is Stattin Yates, S-t-a-t-t-i-n Y-a-t-e-s. I'm kind of going to talk about the more human, people side of it. I'm a writer and a member of the Nebraska Film Association. I was also a former high school teacher. I ask for your support of LB1018 as proposed by Senator Coash. Like Senator Coash stated in the bill, the annual

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appropriation of \$250,000 will boost both economic and cultural development of the host community. Both economic and cultural development are something that every community needs, whether it's a large or small community. LB1018 will also allow people to grow individually by giving them the opportunity to dream, to learn, and to use their minds. It will inspire people to follow through on ideas that they've had floating in their heads for years. It will allow young aspiring actors and filmmakers to realize that there are goals and they are attainable goals and you don't necessarily have to go to Hollywood to get those goals. LB1018 won't just help those who are awarded the grant either. It will help everyone who even applies for it. It will encourage them to expand their minds, to learn more about their government and applying for grants, and it will encourage them to learn and discover more about the project for which they want the grant. Lastly, it will give them an individual sense of satisfaction having known they went for it. As a side anecdote, I take my daughter to day care once a week. I was taking her there today and we always have to drive through...there's construction on a sewer there. And I noticed a sign today, and this is a sign that is one phase for one sewer project in one neighborhood, and it comes in at a cost of \$5.1 million. I'm not saying it's not worth \$5.1 million to be able to flush our toilets (laughter), but what I am saying is I think this \$500,000 is worth helping to make sure our minds aren't what is getting flushed. [LB1018]

SENATOR HILKEMANN: Wow. [LB1018]

STATTIN YATES: That's pretty much all I have to say. I want to thank all the senators for listening and even the other state employees. [LB1018]

SENATOR HILKEMANN: Are there questions for Mr. Yates? [LB1018]

STATTIN YATES: Thank you for your time. [LB1018]

SENATOR HILKEMANN: Thank you for coming. Appreciate it. [LB1018]

BRIGITTE TIMMERMAN: Hello. My name is Brigitte Timmerman, B-r-i-g-i-t-t-e T-i-m-m-e-r-m-a-n, and I want to thank you for listening to my testimony. I am a small independent documentary filmmaker and I just wanted to let you know why I think passing LB1018 is important. The focus on my project is on the Omaha Native American Tribe. And in 2013 there were 30 fluent speakers and today there's only 12 with 1 that has recently passed in the last couple months. So the language is dying right in front of us, and the Omaha elders range are from...that speak the language are from 74 to 91. So the time is now to preserve this vital part of American...or of Nebraskan and Native American history. So if LB1018 passes and a grant is offered to a project such as mine, this would be crucial to bring a film like this to life. And this film could be viewed today as documenting the current situation of the Omaha Tribe in crisis of

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losing their language, and it also could have a hand in preserving the language and bringing it back to life. So this could also be viewed as an historical documentation 50 to 100 years from now. And my testimony is to inform you that small independent projects like this one could have a huge impact on Nebraska culture, and not only that. Even though my budget would be small, I would be hiring interns, training them in the film industry, and also hiring local talent such as editors, Web designers, and graphic artists. So I want to thank you. I'm going to keep it brief. Thank you very much for listening to me. And if you have any questions, I'd be glad to answer. [LB1018]

SENATOR HILKEMANN: Any questions for Ms. Timmerman? [LB1018]

SENATOR KINTNER: I've got a question. [LB1018]

SENATOR HILKEMANN: Senator Kintner. [LB1018]

SENATOR KINTNER: Since you're here, I may not run into you again, when you're doing a documentary, how long does it take you? You know, you find out a subject matter and then you start researching it. [LB1018]

BRIGITTE TIMMERMAN: Yes. [LB1018]

SENATOR KINTNER: And then, I mean research has got to be a long time. And then you start looking where to film and how to film and who's going to help you (inaudible). Walk me through that process. [LB1018]

BRIGITTE TIMMERMAN: Well, I was on a project on the Pine Ridge and I was introduced to this project from a tribal member. This I was thrown into quite quickly because we are in a crisis that these elders are dying off now and I started filming...well, we started doing the photography in November and I started filming January, right after January 1. So the process for this project is getting the interviews done now. And in the meantime I have several books I'm reading, which there are very few of the Omaha Tribe. So usually the research is done before but this project was presented to me rather quickly. And the time is crucial. The time is of the essence for this project. So in the meantime, while I'm filming them, I'm doing the history, which there's very few books that are on the Omaha Tribe. And also there's a lot of documentation that is not recorded, which I'm doing right now. [LB1018]

SENATOR KINTNER: Are the people that do the technical work mostly interns trying to get experience and... [LB1018]

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BRIGITTE TIMMERMAN: That's what I would do, if I could. We are hiring some interns. I'm doing a lot of the interviews one-on-one because there is a sensitive issue with the elders. But then we go to postproduction and that's where I really need intern help for editing, graphic art, and also some Web design, and social media, social media exposure. [LB1018]

SENATOR KINTNER: Do you have the expertise to do most of it yourself, maybe not the time? [LB1018]

BRIGITTE TIMMERMAN: No. No. [LB1018]

SENATOR KINTNER: You don't. [LB1018]

BRIGITTE TIMMERMAN: To do it professionally, you need to hire a team. Yeah. [LB1018]

SENATOR KINTNER: So but you can do some of it yourself. [LB1018]

BRIGITTE TIMMERMAN: Yes, of course. Of course. [LB1018]

SENATOR KINTNER: But you only...you have a broad overview of how it works but there's specialists to do each little thing. [LB1018]

BRIGITTE TIMMERMAN: Yes. Yes. And I actually do have two people that I would always use because they are professionals and they...I trust their creative process. But this is also important for interns to learn this procedure and to learn the film industry and hopefully stay in Nebraska. [LB1018]

SENATOR KINTNER: Well, fascinating. Thank you. [LB1018]

BRIGITTE TIMMERMAN: Thank you. Thank you. [LB1018]

SENATOR HILKEMANN: Other questions for Ms. Timmerman? [LB1018]

BRIGITTE TIMMERMAN: Ooh, sorry. (Laugh) [LB1018]

SENATOR HILKEMANN: Thank you for coming, Brigitte. [LB1018]

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BRIGITTE TIMMERMAN: Okay. Thank you. [LB1018]

MARK POPEJOY: Good afternoon, Appropriations Committee. My name is Mark Popejoy. It's M-a-r-k P-o-p-e-j-o-y. I am a Nebraska actor out of Omaha, a producer and a production...film production company owner. I have a partner that is unable to be here. I almost feel like I'm in an audition right now. (Laughter) Where's the cameras. Oh, all right. So my production company in Omaha is Splitsville Productions and we produced a couple short films that have been actually submitted in film festivals across the country, international film festivals. We're part of a production company that we were in an international film contest that produced a short film that was, out of 520 submissions, we made it in the top 12 for this contest. So going back to Senator Coash's argument of the...and others that the quality of folks here in Nebraska and filmmakers and actors, we have it. Again, the bill, I'm in total support of Senator Coash's bill, LB1018. I would like to ask the members of the committee also to support that bill. I would like to...this would allow independent filmmakers not just the ability to possibly have their productions filmed, but it's, again as been mentioned, it's going to help us to pay our cast and our crew on a professional level. That's going to create the jobs and stimulate, I think, the economy in Nebraska. And it's also going to bring the outside, like your film directors, Alexander Paynes, you know, who always come to Nebraska to try and film, and it's going to help bring other filmmakers back to Nebraska. Like was said before, there's a lot of people that are moving outside of Nebraska to go to these...to go to Atlanta and Louisiana and North Carolina, and we want to bring those folks back. Again, I feel that the monies spent would be put back into the economy in Nebraska. Then there's the distribution side of the funding process. Said filmmakers still have to come up with the funding, funds to most of the time to have these Blu-rays, DVDs made for independent distribution until they can get onto the larger distribution chains. Now again it was said you have YouTube, you've got Netflix, you've got outside companies that are picking up some of these independent films and they're selling them over in Asia. A big genre for that would be your horror film industry that is being sold outside of the United States and it's being sold at a two to one cost. So they're making more on selling...a smaller independent budgeted film is making more outside of the United States, not just outside of Nebraska. But if we can bring some of that money back, again, back to the, you know, stimulating the economy. Funding more projects after the funding gets set out for distribution and we can get those distributions coming back into Nebraska on said films being sold and distributed, those filmmakers are going to produce more films here in Nebraska. They're going to keep the economy going, paying your caterers, paying your professional cast, paying your professional crew members. So they're going to produce more as more is being sent out and distributed, the money coming back. I think it was already mentioned about Atlanta's economy, what The Walking Dead has done. Right now, myself, I'm involved with several projects, with several different small film production companies, a feature-length film. They're going to be shooting a pilot and it's already been started in Omaha that they're pitching to the larger networks. That production company wants to keep that production in Nebraska if it gets picked up by a larger

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company, let's say ABC, NBC, you know, even if it's FOX or whoever. They want to keep that in Nebraska. They don't want to take it out to Hollywood. They want to keep it here. That's going to bring, again, a series type of economy into Nebraska. So these are only a few things that are going on in the community that I can speak directly to. You know, again, I might even be in a project with Senator Coash sometime. But again, I ask the committee to support LB1018 for another opportunity to stimulate some new growth and some more growth into the communities through the filmmaking arts. I want to thank you for your valuable time and consideration. Thank you. [LB1018]

SENATOR HILKEMANN: Are there questions for Mr. Popejoy? Seeing none, thank you for coming, Mark. [LB1018]

MARK POPEJOY: Thank you very much. [LB1018]

SENATOR HILKEMANN: Are there additional proponents? Are there any opponents for LB1018? Is there anyone that would like to testify in the neutral position on LB1018? Seeing none, Senator Coash, would you like to close? [LB1018]

SENATOR COASH: Sure. Thank you very much to all the testifiers. Thanks to the committee. I would mention that I've been working and talking with the Johnny Carson School of Film and Theatre. They were unable to send anybody to testify today, but I believe the committee has got a letter from them. This is...I was able to assist them in getting a pretty big grant to the university from the Johnny Carson Foundation. Part of that grant, those grant provisions that they received was, and this was what they wanted to talk to me about, was what is the state doing to keep the talent in town, in the state? Johnny Carson Foundation has a soft spot for Nebraska, as you might imagine, and one of their conditions on awarding the large grant that they awarded was they need to have strong efforts through the university to keep their talent here. And to that end, they were making a lot of progress with that. And it's going to...there's going to be even more Nebraska-grown talent coming out of the university in this industry and I see this bill as a way to keep them right where they are because that's...I talk to them all the time and nobody likes living in Hollywood. They hate it out there and they want to be here and they want to be practicing their craft here, promoting their own state. So I see this as a way. And I appreciate your time. [LB1018]

SENATOR HILKEMANN: Thank you, Senator Coash. Any additional questions? I would just conclude today with I had the opportunity to hear Diane Ravitch, who's kind of a prominent educator, recently and she was talking about that we're so focused on our STEM education anymore she said the one thing we cannot lose is our arts because, she said, it's the one thing

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they can't standardize. And I really think that there's a lot to be said for that. So thank you for bringing this. [LB1018]

SENATOR COASH: Thank you. [LB1018]

SENATOR HILKEMANN: And with that, that will conclude the testimony on LB1018 and the hearing on LB1018. [LB1018]