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Transcriber's Office

Executive Board Committee
February 03, 2016

[LB987 LB1083]

The Executive Board of the Legislative Council met upon adjournment on Wednesday, February 3, 2016, in Room 2102 of the State Capitol, Lincoln, Nebraska, for the purpose of conducting a public hearing on LB987 and LB1083. Senators present: Bob Krist, Chairperson; Dan Watermeier, Vice Chairperson; Kathy Campbell; Ernie Chambers; Colby Coash; Galen Hadley; Dan Hughes; Heath Mello; and John Murante. Senators absent: Tyson Larson.

SENATOR KRIST: First of all, thank you for attending the Executive Board Legislative Council. The hearing date is February 3. Tape is rolling I guess. Thank you very much. Today we're here to hear LB987, Senator Morfeld, create the Bioscience Steering Committee; and LB1083 by Senator Williams, adopt the Next Generation Business Growth Act and change funds for tax credits under the Community Development Assistance Act. We'll take those in that order. First, we'll start with introductions and we'll start at my far right.

SENATOR MELLO: Heath Mello, District 5, south Omaha.

SENATOR HADLEY: Galen Hadley, Buffalo County, District 37.

SENATOR WATERMEIER: Dan Watermeier, District 1, Syracuse.

JANICE SATRA: Janice Satra, legal counsel.

SENATOR KRIST: Bob Krist, District 10. And filling in...

NATALIE SCHUNK: Natalie Schunk.

SENATOR KRIST: Thank you.

SENATOR CAMPBELL: Kathy Campbell, District 25.

SENATOR MURANTE: John Murante, District 49, Gretna and northwest Sarpy County.

SENATOR COASH: Colby Coash, Lincoln.

SENATOR HUGHES: Dan Hughes, District 44, ten counties southwest Nebraska.

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SENATOR KRIST: And Brandon will be our clerk (sic--page) today. Unfortunately, I think Beth is going up in part of that closed interstate system between North Platte and Lincoln so Natalie was nice enough to fill in for us so thank you very much. Please turn off all your noisemakers. If you're going to testify, please fill out one of the green sheets located outside the door and give it to the page before you sit down. When you sit down to testify, please state your name and spell it, first and last. That's for the transcribers. And we're not using any lights, but we're going to ask you to be respectful because we like to eat lunch occasionally too. So with that, sorry, Senator Morfeld, LB987. Go ahead.

SENATOR MORFELD: (Exhibit 1) Senator Krist, members of the Executive Board, my name is Adam Morfeld. For the record, A-d-a-m M-o-r-f-e-l-d, representing the "Fighting" 46th Legislative District, here today to introduce LB987. LB987 directs a committee of the Nebraska Legislature to prepare and update a strategic plan for growing the bioscience economy in Nebraska. The strategic plan shall report on any progress or remaining work since the last study conducted on the bioscience industry, which was directed by the Legislature in 2009-10. That report found that the bioscience industry is a vital, growing industry in Nebraska and employs 15,400 Nebraskans statewide with an average wage of \$58,300, compared with the statewide private sector average of \$38,600. In fact, the 2010 study found that bioscience jobs are located statewide: 43 percent in central and western Nebraska, 32 percent in Omaha, and 25 percent in Lincoln. Nebraska's bioscience industry is made up of the following subsectors: agricultural feedstock and chemicals, drugs and pharmaceuticals, medical devices and equipment, research testing, and medical labs. The strategic plan is intended to create and grow upon the current strategies for developing the biosciences industry. This includes strategies to stimulate science, engineering, and technology growth in Nebraska; encourage biotechnology businesses to locate and expand in Nebraska; capture and commercialize technology that is discovered and developed in Nebraska; and grow Nebraska's investment capital market and incentivize investment in life science start-up companies; and finally, develop Nebraska's biotechnology work force in cooperation with higher education institutions. The Bioscience Steering Committee will be made up of the Chair of Revenue and/or his or her designee; the Chair of Appropriations or his or her designee; and three other at-large members of the Legislature selected by the Executive Board. We also have an amendment here to indicate the "or" other than the "and" so that it could be the chairperson or their designee, which is not in the original green copy so we'll have that amendment soon. Senator Hadley suggested that. In 2010 when the study was last conducted, the Natural Resources Committee led the effort in consultation with the Executive Board. LB987 envisions a broader group of legislators as members of the committee but still working in consultation with the Exec Board. The study is to be paid for out of the Biotechnology Cash Fund which already exists and has \$36,000 remaining in it from unspent funds from the 2010 study. In 2010, \$200,000 was appropriated for the study. But since LB987 is just an update, less funding is required and can utilize the leftover funds from the 2010 study. As was done in the 2009-10 study, LB987 directs the committee to partner with a Nebraska nonprofit to provide

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research, analysis, and recommendations for the strategic plan. A representative from one such Nebraska nonprofit, Bio Nebraska, will follow me to talk about their work in the bioscience industry and how the 2010 study has been used and what has been done since the study. I urge your favorable consideration of LB987 and would be happy to answer any questions. I also have a letter of support from the Lincoln Chamber of Commerce that I can pass out. [LB987]

SENATOR KRIST: Okay. Before we continue, I failed to mention we have a new mike system all over the Capitol and it's really sensitive so if you don't want to be heard on the transcript, you might want to take a conversation outside. Questions for Senator Morfeld? Senator Hadley. [LB987]

SENATOR HADLEY: Thank you. I certainly am in support of LB987. When you're doing the amendment, you might want to come up with some kind of means of the committee choosing a chairperson or something like that because if you don't designate who is going to be the chairperson, no one may recall...it doesn't specify who is going to get the thing going. [LB987]

SENATOR MORFELD: Definitely. [LB987]

SENATOR HADLEY: So you might want some kind of mechanism. [LB987]

SENATOR MORFELD: When we come up with the amendment for the other suggestion, we'll include that as well. [LB987]

SENATOR HADLEY: Yeah, include that as well. Thank you, Senator Morfeld. [LB987]

SENATOR KRIST: And on that leadership track, I'd ask you to visit with us, with the Exec Board, about how it might be done as well, several of us. [LB987]

SENATOR MORFELD: Absolutely. [LB987]

SENATOR KRIST: Any other questions for Senator Morfeld? Okay, thank you very much. [LB987]

SENATOR MORFELD: Thank you. [LB987]

SENATOR KRIST: Are you going to stay for closing? Are you going to stay around for closing? [LB987]

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SENATOR MORFELD: I will. [LB987]

SENATOR KRIST: Let's start with the proponents for LB987. Welcome. [LB987]

ROB OWEN: (Exhibit 2) Good morning. Mr. Chairman, members of the Executive Board, my name is Rob Owen, R-o-b O-w-e-n, and I am chairman of the Bio Nebraska Life Sciences Association Board of Directors and general counsel for Streck, Inc., a medical device manufacturer located in La Vista, Nebraska. I'm here today to express Bio Nebraska and the Omaha Chamber of Commerce's strong support of LB987 which would create the Bioscience Steering Committee that would be tasked with measuring the impact of the bioscience economy in Nebraska and prepare a strategic plan for growing bioscience economy in Nebraska. I want to thank Senator Morfeld for all of his support and all the cosponsors for bringing forth LB987. Bio Nebraska is a statewide organization of over 70 organizations, large and small, making innovative products and providing services across the spectrum from human and animal health to renewable fuels to medical device manufacturing and drug development. From 2007 to 2012, private sector job growth in Nebraska grew by less than 1 percent; but biotech employment in this state grew by over 10 percent. Today, as Senator Morfeld mentioned, employment in the bioscience industry is over 16,000 people across the state and that's diverse from western, central, and eastern part of the state; and the average salary is over \$58,000. Recognizing the growth opportunity that life sciences industry present in Nebraska, the state Legislature passed LB246, as Senator Morfeld mentioned, in 2009 to develop a statewide strategic plan or road map for the biosciences. Battelle Institute was hired to facilitate an economic summary that analyzed the current level of bioscience activities and recommendations for industry growth. Here are just a few of the ways the Nebraska bioscience industry benefited from that report. The report provided a detailed overview of Nebraska's bioscience industry base; assessed Nebraska's research and development base and identified specific growth opportunities; outlined strategies for industry and academic collaboration; and suggested infrastructure improvements to encourage innovation and assist bioscience entrepreneurs; and finally, recommended legislation to support commercialization of new technologies through SBIR matching funds and angel investment tax credits. LB987, the Bioscience Steering Committee, will provide an update to that Battelle report. But more importantly, it will make specific recommendations designed to help existing companies expand and also help commercialize the new technologies developed at Nebraska's universities, which in turn will create new companies and jobs in the state. The focus of the update will be to stimulate job growth in the fields of science, engineering, and technology; encourage biotech companies to locate and expand in Nebraska; capture and commercialize technology developed at Nebraska's universities; grow Nebraska's capital markets to incentivize investment in life sciences start-ups; and develop Nebraska's biotechnology work force in cooperation with higher education institutions. And at Bio Nebraska, one of our main focuses going forward is trying to figure out how we create a better, more supply of work force in the state. And we're going to be looking at working in junior highs, high schools to really

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showcase the biotech industry in Nebraska. And we believe if we can show kids in junior high what the opportunities are here in this state they may be more likely to stay down those science educational tracks and therefore grow our supply of a work force. Finally, in essence, LB987 is about jobs for the twenty-first century. And Bio Nebraska and the Omaha Chamber of Commerce strongly supports passage. Thank you very much for your consideration today, and I'm happy to answer any questions. And I did provide a handout that I'm happy to...about Bio Nebraska. I'm happy to answer any questions on that. [LB987]

SENATOR KRIST: Is it Dr. Owen or Mister? [LB987]

ROB OWEN: Mister. [LB987]

SENATOR KRIST: Mister, okay. Thank you for coming. Thanks for your testimony. Any questions for Mr. Owen? Senator Hadley. [LB987]

SENATOR HADLEY: Did...Mr. Kozera not be able to make it in from Kearney? [LB987]

ROB OWEN: Interstate. [LB987]

SENATOR HADLEY: I just can't imagine why he wouldn't be here. [LB987]

ROB OWEN: I was just here to view earlier today and he called me and said, can I come make a couple comments so. [LB987]

SENATOR HADLEY: Well, I would (inaudible) your group would look at him if he certainly isn't any more dedicated than that. (Laughter) [LB987]

SENATOR KRIST: In the future, if he needs a helicopter, come talk to me. [LB987]

ROB OWEN: Yes, exactly. [LB987]

SENATOR KRIST: Senator Campbell. [LB987]

SENATOR CAMPBELL: Thank you. Thank you, Senator Krist. I just wanted to make a comment and make the suggestion to you and to Senator Morfeld. The other day before the Banking, Commerce and Insurance Committee we had the confirmation hearing for the director of Economic Development. And a major emphasis of questions out of the committee was work

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force development. It would be good, I think, and you don't need to have it in the bill, but I do think there should be some cooperation and exchange of information with the director of Economic Development whose stated goal certainly is work force development in the state. And you would represent a major industry that we could do that. [LB987]

ROB OWEN: Bio Nebraska has had a long strong relationship with Department of Economic Development and the directors, and we look forward to working with them going forward. [LB987]

SENATOR CAMPBELL: Good. [LB987]

ROB OWEN: But we've worked well together on a lot of different issues. And again, over the last two years we've really identified work force development as one of those areas that Bio Nebraska should be more involved with and really bringing attention to the younger students in the state about the opportunities that exist here. I mean, if you look at what we have in the state, you have the small start-ups, but you also have the big multi-international corporations such as Becton Dickinson, Medtronic that are all throughout the state. And I think the more people realize what type of economy we have here or potential here there will be more willingness for students to continue down that path and, therefore, a better supply or bigger supply of employees. [LB987]

SENATOR CAMPBELL: Thank you. [LB987]

SENATOR KRIST: Thank you, Senator Campbell. I would be remiss if I didn't say after introductions Senator Chambers joined us today. So welcome, Senator Chambers. [LB987]

SENATOR CHAMBERS: Good to be here. [LB987]

SENATOR KRIST: Anything else for Mr. Owen? Thank you, sir. [LB987]

ROB OWEN: Thank you very much. [LB987]

SENATOR KRIST: Any other proponents of LB987? Welcome. [LB987]

LYLE MIDDENDORF: Mr. Chairman, members of the Executive Committee, my name is Lyle Middendorf, spelled L-y-l-e M-i-d-d-e-n-d-o-r-f. I'm with LI-COR Biosciences located here in Lincoln, Nebraska. I have with me today my colleague, Doc Chaves, D-o-c C-h-a-v-e-s, who is

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LI-COR's director of corporate communication, in case any of you would be interested to have further information about LI-COR. LI-COR was started in 1971 as a start-up from the University of Nebraska. This came about from a research effort to look at plant research, particularly plants that would need to grow in very difficult environments. Subsequent to that in the early 1980s, a second part of LI-COR was started, also as a collaboration with the University of Nebraska, where we were involved with instrumentation and reagents for DNA analysis. And that has expanded since then to also protein analysis for life science researchers. We sell across the world--about 50 percent of our sales are overseas--we have about 275 people here in Lincoln with a total work force of about 350. We are very high on technology. We use a lot of different technologies from engineering to chemistry to biologists to agronomists, a whole variety of these types of disciplines are necessary. We also have two additional thrusts that have come about in recent years. One is in imaging agents used in cancer surgery. We have several of our imaging agents currently in clinical trials. And also we are now exploring medical devices that relate to imaging for cancer. So you might imagine that the things that are on our minds as a company local here is filling jobs--that's always a critical issue--and also collaborations, research collaborations. Nebraska has a very strong research community at the University of Nebraska here in Lincoln as well as in Omaha. And we have collaborated and continue to collaborate with those institutions in a very favorable way. We also have many employees from manufacturing to researchers that come from the state of Nebraska. But having said that, I would say the number two language spoken at LI-COR is German because of the big German component in Germany. But located here in Lincoln, heavy Chinese. You can walk through the lunchroom and hear Chinese spoken a lot; Russian; languages from the country of India. And so we're faced with bringing in the best candidates. And oftentimes we will bring in a candidate who has moved away from Nebraska, a researcher who wants to come back and raise a family here in Nebraska. But we always want to get the best. And I'll just make an anecdotal statement. Recently we made a job offer. We had two candidates. One was a Nebraskan who is living in Colorado, wants to come back; and a person from China on a green card living in the Houston area that would like to raise a family in Nebraska. In this particular case, the best candidate and the job was offered to the gentleman from China. Now on the other hand, we will tell...we are instructing the other individual that we are very interested in him and that he is still on our short list. We're...we don't...we're not a public company. Our growth rate is not real fast so we don't have a lot of job openings and so we have to be very cautious about that. So I'm just making the point that even as we bring job...people in for jobs, we are also definitely interested in issues around immigration and challenges there. We spend a lot of effort in our human resources, talent operations, in that area. The second area I was mentioning was the area of collaborations. And as I mentioned earlier, the lion's share of who LI-COR is today has come about because of two main collaborations with the University of Nebraska. But that's not to say that if the best candidates for research collaborators are not at Nebraska, we will go elsewhere. And we have currently collaborations with Stanford University, the University of Michigan, Purdue University, and elsewhere. So as a company, I think I can represent other industry where they would say that

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they will go for the best. And so part of the issue is making sure that we know who the best are. Sometimes we don't even know who those candidates in terms of job candidates or research collaborators are at the universities. So if there's some way to enable communication, and I'm here in favor of LB987 hoping that part of that can address how to further connect, make sure the left hand and the right hand know each other between industries such as ours and academia. Thank you. [LB987]

SENATOR KRIST: Thank you, Mr. Middendorf. Any questions? Seeing none, thank you, sir, appreciate you coming. Any other proponents for LB987? A show of hands of how many people want to speak in support. Thank you. And anybody in opposition? Okay, thank you. Welcome, sir. [LB987]

STEWART BAUCK: Mr. Chairman and members of the committee, my name is Stewart Bauck, first name S-t-e-w-a-r-t, last name B-a-u-c-k, and I'm here to speak in support of the bill on behalf of Bio Nebraska and my own company, GeneSeek. We're located here in Lincoln, Nebraska, and we are a poster child for why you want to support this legislation. The company that I work for was initiated in 1987 as an offshoot from the University of Nebraska. Our focus is in agricultural genomics. We do DNA testing, particularly in the animal space but also plants. And we are probably Lincoln's best kept secret. We are the world's largest animal genomics facility. We receive about 1.5 million samples a year from customers around the world. Our clients include some of the very largest integrated protein production companies globally: poultry, swine, dairy, beef. We have the benefit of a significant strategic advantage because our location in the great state of Nebraska. Some of our largest beef cattle clients are, in fact, our neighbors here in the area. And over the past eight or ten years, we have been blessed to have essentially exponential growth in our business. We have gone from a start-up of two people in 1998 when I joined and came to Nebraska in 2012 to head the organization up. We were at about 40 people. And my HR lady tells me we're at about 130 as of today. We hire about 25 to 30 new graduates every year to go into our operation. And as was stated by the previous testifiers, one of our most significant challenges is the development of an appropriately trained and capable work force that will meet the needs for a growing business. We need the support of higher education. We do everything that we can to collaborate with every institution of higher learning here in the state. We've now resorted to having to go outside the state to try to bring people in, and we do that willingly. We have a number of key collaborations with all the universities here in the state as well as obviously on an international basis. Without the support of legislation such as LB987, it will be difficult for us to achieve our objectives of growth. We see our business beyond the state of Nebraska. We've opened up an operation in Scotland, and this year we'll be opening operations in both Brazil as well as Australia and New Zealand. But the focal point of our activities is to develop all of our products and services here in our headquarters in Lincoln and then be able to export that to operations around the world. And so I just simply want to thank you once again for your consideration of this legislation. It's extremely important. And the team

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at Bio Nebraska represents our interests very well. And with your support, we can continue to do what we do to help the state grow and provide employment for young people and others that come to the city and to the state. So thank you very much for your time. I'd answer any questions. [LB987]

SENATOR KRIST: Thank you, Mr. Bauck. Any questions for Mr. Bauck? Thank you for taking the time to come. [LB987]

STEWART BAUCK: You bet. Thank you. [LB987]

SENATOR KRIST: Next proponent. Welcome. [LB987]

BRAD ROTH: (Exhibit 3) Good afternoon, Mr. Chairman and Executive Committee members. My name is Dr. Brad Roth, B-r-a-d R-o-t-h. I am the executive director of NUtech Ventures and associate vice chancellor for technology development at UNL, and I am here representing the University of Nebraska and am testifying in support of LB987. NUtech Ventures, to give you a bit of background, is a nonprofit affiliate of the University of Nebraska; and we're responsible for commercialization of intellectual property that comes out of UNL. Our mission is to facilitate the licensing and practical use of innovations generated through the research activities at the university. And many of these innovations are in the bioscience area. Originally I was trained as a geneticist and molecular biologist, and my entire career and experience has been in the bioscience industry, from 10 years of directing plant biotech research at Pioneer Hi-Bred to the last 17 years being involved in bioscience business development and commercialization of technologies. Additionally, I have been an active participant in Bio Nebraska since I returned back to the state 11 years ago. Why do I support LB987? Why do we support LB987? Simply put, the bioscience industry is essential to the state of Nebraska. And as with any important endeavor like this, it's critical to understand where we've been, where we're at currently, and where we're going. The 2010 Battelle report provided a baseline assessment and strategic framework for growing biosciences in the state. And as we've heard, the biosciences are very broadly defined and include, but certainly not limited to, plant and animal agriculture, biofuels, drug development, device development, medical device development, manufacture of those things, animal health research tools like LI-COR develops, bioprocessing and utilization of the raw materials that come from our agricultural outputs. Each of these bio-based industries is important to our economy and to our work force. And growing these industries further is a goal that we must pursue as a state. As we've heard and you're aware, LB987 creates the Bioscience Steering Committee and will update the 2010 Battelle report. It's likely that changes have occurred in the industry landscape as well as some of the underlying assumptions from 2010. However, as the report is updated and the current state of biotechnology or bioscience innovation and new technologies and developments in the industry are assessed, these could present new

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opportunities for us to exploit going forward to the benefit of Nebraska. A robust biosciences ecosystem also provides an excellent opportunity for public-private partnerships--as we've heard in the last few testimonies--between existing companies, start-up companies, the university systems, and the state. And such collaboration spurs on innovation leading to more jobs, more profitable products, and more sustainable businesses. Regarding the University of Nebraska as a partner in the biosciences: We have excellent and diverse competencies in the biosciences. A few examples: plant germplasm development such as wheat and soybean. These have led to major commercial agreements and, in fact, the recruitment of a large seed company facility just to the west of here. Other examples include bioprocessing and new bio-based materials, again with the raw materials of our agricultural outputs. Further, we have the department of food sciences and technology that provides a research and development hub now at Innovation Campus, the Nebraska Innovation Campus; and we're attracting companies for product development, food manufacturing, and food safety. Further, our colleagues at the University of Nebraska Med Center and our sister organization of UNeMed are conducting leading-edge clinical research and developing new medicines, diagnostics, and devices that will improve people's health and quality of life. The biosciences are strong at our campuses. We interact with numerous companies on collaborative research and development projects. And the programs within the Business Innovation Act have helped create an ecosystem that advances technology commercialization and innovation. The availability of resources such as the Nebraska Research and Development Grant Program that's administered by NDED that, in part, came as a recommendation of the 2010 report, is a great tool for Nebraska companies that we interact with and as well for companies that are outside the state that are looking to locate here and be partners with us. As the bioscience report is updated, it will be exciting to see the progress that has been made as a result of these programs. Lastly, as well as the report is updated, it will help identify areas where the university can further participate and contribute to the bioscience industries in the state. For the University of Nebraska, this is an important part of our mission as the state's land-grant university. In conclusion, I support LB987 and we look forward to the formation of the Bioscience Steering Committee and its mandate to review, assess, and the strategic planning for growing the biosciences in Nebraska. [LB987]

SENATOR KRIST: Thank you, Dr. Roth, and thanks for coming. Any questions for Dr. Roth? Thanks, appreciate it. Any other proponents? Welcome. [LB987]

MICHAEL DIXON: Hi. Thank you, Chairman Krist and the rest of the committee. I'll try to be very brief. I know this is a long one today. My name is Michael Dixon, M-i-c-h-a-e-l D-i-x-o-n. I'm president and CEO of UNeMed. We're the technology development commercialization arm of the University of Nebraska Medical Center, and I'm here representing the University of Nebraska in support of LB987. Quickly, as Dr. Roth stated, UNeMed is similar to NUtech in that we commercialize new technology at the University of Nebraska Medical Center. So each year we see 75 to 80 new discoveries all focusing on next generation cures for diseases and

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diagnostics, trying to make our healthcare better. That's coming out of about \$100 million in research and generating a fairly robust portfolio. So why we support LB987 is it's been more than six years since we've had the study done, and I'm here to tell you that working in technology commercialization, the results of that study have been significant for what we're doing. As a practitioner working to create new start-up companies focused in bioscience, the Business Innovation Act and the results of the previous study have been significant for us as we work to develop these technologies and start up new companies. I think it's crucial that we do take time to look and see what's working well and what isn't. We don't want programs that don't benefit these new companies and don't benefit our start-up ecosystem in biotechnology, take stock of those assets and make sure we're leveraging the best that we can. I've recently had the opportunity to work with a leading-edge economic development organization that's nationally known. And they stated that Nebraska is doing a great job. Our unemployment rate is below 3 percent. However, that's a problem in that our salaries are still on the low side, which means we can't just add new jobs. We have to add jobs that pay well. And what I'm here to say is that when we look at the biosciences, as Senator Morfeld stated, the average salary in bioscience is considerably higher than the average wage in the private sector. So the more effort we put to creating these companies and generating these high-wage growth jobs, we stand a better chance to recruit and retain the best and brightest in Nebraska as well as generate a broader tax base for our state. I'm excited about the future of Nebraska. The university is very committed to developing our technologies. As some of you may know, we just set up a new institute called UNeTech, thanks to the Legislature, which is very focused at helping advance these early-stage companies within the university so that they're more ready to spin out and be viable companies for entrepreneurs. At UNMC we have a stand. We lead the world in transforming lives to create healthy future through extraordinary care, discovery, and learning. We take the stand. It doesn't mean that we just work to get grants or to write papers or to teach students. It means that we aren't done until products are created which impact healthcare, and that's what we do every day. In conclusion, we do support LB987. We feel now is a great time to update this plan. And thank you. If you have any questions, I'm free. [LB987]

SENATOR KRIST: Is it Dr. Dixon? [LB987]

MICHAEL DIXON: It is. I apologize. [LB987]

SENATOR KRIST: Thank you for coming. Any questions for Dr. Dixon? All right, thanks. [LB987]

MICHAEL DIXON: Thank you very much. [LB987]

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SENATOR KRIST: (Exhibit 2) Thank you so much. Any other proponents? Okay. For the record, from the Greater Omaha Chamber, a letter in support signed by their president and CEO David Brown. Any opponents for LB987? No fair looking back and glaring at anybody. No opponents? How about neutral testimony? Would you like to close, Senator? [LB987]

SENATOR MORFELD: I'll be very brief. Just want to thank everybody for coming and testifying today. And now I've lost my concentration. Thank you, Senator Mello. In any case, I want to thank everybody for coming and testifying today. And one of the biggest problems that I've seen on the campaign trail is not unemployment but underemployment. And initiatives like this help address those problems while keeping talent here right in our state. So thank you. [LB987]

SENATOR KRIST: Thank you, Senator Morfeld. Any questions, additional questions? Okay, with that, we will close the hearing on LB987 and we will begin the hearing on LB1083. Senator Williams, welcome. [LB987]

SENATOR WILLIAMS: Thank you, Senator Krist and members of the Executive Board. My name is Matt Williams, M-a-t-t W-i-l-l-i-a-m-s, and I represent Legislative District 36. And I'm here today to introduce LB1083. We are all aware that if Nebraska is to succeed it needs to grow--grow jobs, grow people, grow our economic base. Growing is not easy and it takes a long-term strategy and plan and commitment. I believe the Legislature plays a role and should be involved with this type of effort on the part of Nebraska. Oftentimes our plans for growth have included focusing on attracting new businesses to our state. In recent years, however, it has been demonstrated that working with existing businesses can be a significant catalyst for economic growth. Finding ways to encourage this form of internal growth is the goal of LB1083. If Nebraska is to succeed in increasing the number and diversity of high-wage jobs in our state, a key focus should be on improving our entrepreneurial system. I've heard it described as economic gardening versus economic hunting. This effort is not new to the Legislature. In 2010, the Legislature created the Innovation and Entrepreneurial Task Force led by six senators. There are people here today who can describe the success of that group. The Planning Committee has also studied the entrepreneurship and small business development provisions. Today we are asking the Legislature to take the next step. LB1083 would adopt the Next Generation Business Growth Act which is focused on the role that innovation and entrepreneurship play in Nebraska's economy. The bill would create a task force of six senators to develop a statewide strategic plan to cultivate entrepreneurship and innovation in Nebraska. Under the bill, the strategic plan would include (1) an inventory of existing state-sponsored and locally sponsored programs and resources that are targeted to small businesses, microenterprises, and entrepreneurial endeavors; (2) an economic impact of the analysis of the existing programs under the Nebraska Business Innovation Act; (3) an overview of best practices used by other states; (4) a review of previously issued statewide strategic plans focused on high-growth businesses; and finally, policy options

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for the Legislature to consider. The task force, with the consultation of the Executive Board, would employ a nonprofit organization to assist with the strategic plan. Funding for the development of the strategic plan in the amount of \$75,000 would come from the Community Development Assistance Act. A final report from the task force would be due by December 1 of 2016 and the bill would sunset on January 1 of 2017. This is important and I appreciate your attention, and I would try to answer any questions that you have. [LB1083]

SENATOR KRIST: Thank you, Senator Williams. Any questions for the senator? All righty. You going to be here to close? [LB1083]

SENATOR WILLIAMS: Yes. Thank you. [LB1083]

SENATOR KRIST: All right. Start with the proponents of LB1083. Welcome. [LB1083]

DANIEL DUNCAN: (Exhibit 1) Good afternoon. I guess it is afternoon. My name is Daniel Duncan, D-a-n-i-e-l D-u-n-c-a-n. I am the executive director of Nebraska Innovation Campus Development Corporation, and I'm here testifying on behalf of the University of Nebraska in support of LB1083. The page is handing out my written testimony. What I do want to say very quickly in support of this bill is that I think governmental agencies at all levels can help create a climate and a culture that helps innovation and entrepreneurship develop. And I support the study of how the Legislature can continue the momentum that we have going in this area. It's vital to the economic development and growth of our state. We not only want to be able to start and develop new companies here in Nebraska, but we need mechanisms to help them grow once they're here. With that, I would cease my testimony and take any questions. [LB1083]

SENATOR KRIST: And that's a great testimony. Thank you (inaudible). (Laughter) Any questions for Mr. Duncan? Thank you very much. Next proponent. Welcome. [LB1083]

BRUCE BOHRER: (Exhibit 2) Thank you, Mr. Chairman. Bruce Bohrer, appearing on behalf of the Lincoln Chamber of Commerce and the State Chamber of Commerce and Industry. For the record, my last name is spelled B-o-h-r-e-r. Please accept my testimony today, as I said, on behalf of both the Lincoln Chamber and the State Chamber in support of Senator Matt Williams' LB1083 which, as you've heard, proposes to create the Legislature's Venture Development and Innovation Task Force under the Next Generation Business Growth Act. The Lincoln Chamber and the State Chamber are actively engaged in cultivating a climate of entrepreneurship and innovation in the Lincoln area and also we believe this is something that is occurring all across the state. Our Chamber's Lincoln Partnership for Economic Development is a local partnership between business and elected leaders here in Lincoln, and we recently commissioned an updated strategic plan ourselves from a group called AngelouEconomics. The plan can be found at

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www.SelectLincoln.org. Innovation and entrepreneurship are central themes in our plan. Our local plan also stresses the importance of metrics and assessment as you've heard from the senator. This is an additional reason why we strongly support LB1083 in its call for a state review of existing state-sponsored and locally sponsored programs and resources that are targeted in small businesses, the area of small business, microenterprises, and entrepreneurial endeavors, as well as an economic impact analysis of existing programs under the Business Innovation Act. In closing, we believe LB1083 outlines an appropriate and timely topic for study by the Legislature. We believe it to be extremely important for the state, especially a state of our size, to strategically leverage our assets and strengths for the next generation of business growth. This is done most effectively through the development of a strategic plan and we look forward to assisting in this effort. We urge your support for advancing LB1083 to the full Legislature. With that, I'll conclude my remarks and would be happy to answer any questions. [LB1083]

SENATOR KRIST: Thank you, Mr. Bohrer. Any questions? Thank you. Thank you for coming. Thank you for your testimony. Any further proponents? Welcome back, Dr. Dixon. [LB1083]

MICHAEL DIXON: Thank you. Greetings again. For the record, my name is Michael Dixon, M-i-c-h-a-e-l D-i-x-o-n. I'm here now representing Invest Nebraska. I am the chair of the board for Invest Nebraska, and I'm very fortunate to get to wear many different hats in our innovation ecosystem here. In addition to my role with UNeMed and Invest Nebraska, I also serve on the Bio Nebraska board of directors, am a mentor for Straight Shot and NMotion as well as the Pipeline entrepreneurship fellowship program. So the ability to see multiple different angles in the ecosystem gives me an opportunity to I think really appreciate the hard work the Department of Economic Development does as they work to strive to support these new growing companies. Again, I think it's critical for our state to continue to add knowledge-based jobs, the high-paying jobs that are in bioscience and really across the innovation ecosystem in the tech sector. The good news is Nebraska is doing a really nice job as we look at it. In the last few years, we've landed on the top ten lists of many of the Forbes best states for business, best cities for entrepreneurs, fastest growing tech jobs, more...best city for young entrepreneurs, Omaha was a top city to work in tech, top 13 fastest growing tech hubs, 3rd best city to start a business. So it's clear that Nebraska is doing a nice job in this base. But it's, again, time for us to take a look at what's working well and what we need to continue to work on. As again a practitioner that's using the Business Innovation Act, I can tell you it's been extremely successful in the investment realm in which we're sitting in, in Invest Nebraska. Kauffman Foundation has called the companies we're seeking gazelle companies. These are the type of companies that have many new jobs over a rapid period of time, high-paying, good jobs. So what we're looking for are companies that are on that high-growth trajectory. As Kauffman found, they generate an astounding 88 new jobs annually where the basic private sector companies generate 2 to 3 new jobs. In the 2010 Battelle report, it showed that we were behind pretty much every state in SBIR grants and we're ahead of only Oklahoma in venture investment. However, three years later as we

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looked at the stats after the Business Innovation Act was up and going, we found that 23 Nebraska start-ups had around \$43 million in investments--venture funds coming out of Silicon Valley, New York, and Chicago. But what we need to look at is what's our next curve? How do we continue to increase the activity in our innovation ecosystem? Instead of \$20 million investment, how do we get to \$200 million and start to look like some of the other states as they're developing their innovation ecosystems? I think there are some good models around and I really encourage the Legislature here to look at this study and see how we can best align ourselves. There's been a great study by Dr. Eric Thompson in 2004 looking at the annual economic impact of businesses supported by the Business Innovation Act. And quantitatively here we can see the numbers do play out that companies that have been supported by the Business Innovation Act are hiring more people at better wages and generating better revenue than average companies. That's the quantitative side. Qualitatively I can tell you the companies I work with, both as a mentor and as a practitioner working to spin companies out of the university, are very focused on that early-stage growth. And the Business Innovation Act and the programs associated are critical as these companies look to go from start-up to revenue. And with that, I'll stop; and if there are any questions, I'm happy to answer them. [LB1083]

SENATOR KRIST: Thank you, Dr. Dixon. Any questions for the doctor? Can you spare that copy? [LB1083]

MICHAEL DIXON: I would be happy to. [LB1083]

SENATOR KRIST: Okay. Thank you very much. [LB1083]

MICHAEL DIXON: It's also available on-line. [LB1083]

SENATOR KRIST: That's what I was going to make a note of it and put it out for the rest of the committee. [LB1083]

MICHAEL DIXON: Thank you very much. [LB1083]

SENATOR KRIST: Thank you. Any other proponents for LB1083? Any opponents for LB1083? Any neutral testimony for LB1083? Senator Williams, would you like to close? [LB1083]

SENATOR WILLIAMS: Yes. Thank you. And a special thank you to those that came to testify today. I think if you're like me a day does not go by as a state senator that somebody doesn't ask me, how are you going to cut my taxes? Clearly the best way we can cut people's taxes is grow our state. And this way, through LB1083, is another way, another tool that we can have in

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helping to see that our state is growing not only externally but internally. So I would urge your support of LB1083. Thank you. [LB1083]

SENATOR KRIST: Any further questions for Senator? Thank you so much. That ends the public hearing on our... [LB1083]