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Urban Affairs Committee
February 14, 2017

[LB97 LB614 LB625]

The Committee on Urban Affairs met at 1:30 p.m. on Tuesday, February 14, 2017, in Room 1510 of the State Capitol, Lincoln, Nebraska, for the purpose of conducting a public hearing on LB97, LB614, and LB625. Senators present: Justin Wayne, Chairperson; Matt Hansen, Vice Chairperson; Sue Crawford; Sara Howard; Tyson Larson; Dan Quick; and Merv Riepe. Senators absent: None.

SENATOR HANSEN: Good afternoon, everyone. We are just after 1:30, so we'll go ahead and get started. Welcome to the Urban Affairs Committee. My name is Matt Hansen, state senator representing District 26 in northeast Lincoln. I'll be starting the hearing today since Senator Wayne, our Chairman, is introducing a bill in another committee to start the day. We'll start off by having committee members and committee staff do self-introductions starting with Senator Howard on my right.

SENATOR HOWARD: I'm Senator Sara Howard. I represent District 9 in midtown Omaha.

SENATOR RIEPE: I'm Merv Riepe. I represent District 12, which is Millard, Omaha, and Ralston.

TREVOR FITZGERALD: Trevor Fitzgerald, committee legal counsel.

SENATOR LARSON: Tyson Larson, O'Neill.

SENATOR QUICK: Dan Quick, District 35, Grand Island.

SENATOR CRAWFORD: Good afternoon. Senator Sue Crawford, District 45, which is eastern Sarpy County, Bellevue, and Offutt.

ANDREW NORTHWALL: Andrew Northwall, committee clerk.

SENATOR HANSEN: Great, thank you. Also assisting the committee is our two committee pages: Brianne Hellstrom from Simi Valley, California, who is a political science major at UNL; and Toni Caudillo, who is from North Platte, and is an elementary education major at UNL as well. This afternoon we'll be hearing three bills and we'll be taking them in the order listed outside the room. On each of the tables in the back of the room you will find blue testifier sheets. If you are planning to testify today, please fill out one and hand it to Andrew, our committee

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clerk, when you come up. This will help us keep an accurate record of the hearing. Please note that if you wish to have your position listed on the committee statement for a particular bill you must testify that position during the bill's hearing. If you do not wish to testify, but would like to record your position on the bill, please fill out the pink sheets in the back of the room. We would ask if you have any handouts you please bring 10 copies and give them to the page. If you need additional copies, the page can help you make more. Testimony for each bill will begin with the introducer's opening statement. After the opening statement, we will hear from supporters of the bill, then from those in opposition, followed by those speaking in a neutral capacity. The introducer of the bill will then be given the opportunity to make closing statements if they wish to do so. We ask that you begin your testimony by giving us your first and last name and spelling them for the record. We'll be using a four-minute light system today. When you begin your testimony, the lights on the table will turn green. The yellow light is then your one-minute warning, and the red light comes on and it will be the end of your testimony and we'll ask you to wrap up your final thoughts. I would remind everyone, including senators, to please turn off your cellphones or put them on vibrate. And with that, we're ready to start the bill hearings for the day and we'll begin the hearing today with LB97, introduced by Senator Crawford.

SENATOR CRAWFORD: Good afternoon, Senator Hansen and members of the Urban Affairs Committee. My name is Sue Crawford, S-u-e C-r-a-w-f-o-r-d, and I represent the 45th Legislative District of Bellevue, Offutt, and eastern Sarpy County. I'm honored to be here today to introduce LB97 for your consideration. LB97 would adopt the Riverfront Development District Act. This gives municipalities the ability to create a riverfront development district, along with a riverfront development authority to oversee and manage the district. Riverfront development districts, or RDDs, are a tool that can be used by municipalities across the state to effectively fund, manage, and promote economic development and tourism efforts on riverfronts. Similar legislation was introduced by Senator Mello in 2016. It passed out of committee, but did not advance past General File, due to a lack of a priority. My bill, LB97, is a rewrite of this bill and contains language laid out in committee amendments to LB806 that resulted from conversations with Omaha and other municipalities. I was impressed last year when we heard this bill by the interest of multiple cities in this idea of the riverfront development district, and this brought interest by other cities from different areas encouraged me to introduce this bill to create this tool. The riverfront development districts will be another tool in the economic development toolbox available to cities. Municipalities can use RDDs to help fund and manage improvements to riverfront districts wholly contained within the corporate limits of the city. RDDs are similar to business improvement districts that allow cities to make improvements using special assessments or occupational taxes. Unlike business improvement districts though, the riverfront development districts are not limited to an established business area. Instead, riverfront development districts could allow a city to newly develop or redevelop an area that may not have businesses there currently. So riverfront development districts could operate where businesses do not yet exist. Also, riverfront development districts could be used for a riverfront

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plan that has other goals for that riverfront. And you'll see in the details of the statute the kinds of things that you could do, that a riverfront development district could do, including walkways and other opportunities to develop that riverfront as a tourist attraction, that may not necessarily be about businesses. Riverfront development districts allow cities to develop an area that does not extend by more than one half a mile from the edge of the river or rivers along which the district is created. The riverfront development districts are a tool that 52 cities across the state will be eligible to utilize. In your binders you have a map showing the various communities who would be able to use this tool. Riverfront development districts created under the act would be overseen and managed by the riverfront development authority. The structure of the riverfront development authority is similar to the structure used to create land bank boards in our state. Riverfront development authorities are created by the city as a public corporation acting in a government capacity and a political subdivision of the state. Members of the RDA are appointed by the mayor, with the approval of the city council. The members of this authority serve without compensation and provide collective skills and expertise in the necessary areas to make the riverfront development district successful, such as real estate development, financing, law, economic and community development, and tourism promotion. It is also important to note that these members are subject to the open meetings law and are required to avoid conflict of interest as defined in the bill. Riverfront development authorities have general powers that allow them to manage and finance development within the district. These include the authority to enter into contracts; to grant or require a license or lease; invest the money of the authority; create and implement plans for improvement; acquire public parking; construct pedestrian-friendly infrastructures; construct and maintain boardwalks, docks, wharves; and hold or own real property within the district. LB97 also specifies that riverfront development authorities have to make plans...excuse me, have to make plans for improvements and redevelopment within the district in conjunction with the city. In terms of securing financing, it is important to know that although the RDA has the authority to issue bonds, it can only do so up to certain cap set by the municipality. It's also important to note that a city can limit the powers of an authority through ordinance and an occupation or special assessment cannot be imposed in both a riverfront development district and a business improvement district if the boundaries of the district overlap. A complete list of the powers that RDA have can be found in the outline of LB97 that I've provided. And the legal counsel for the committee also did an excellent job in the memo of laying out the different sections of the bill and what each section of the bill does. Overall, riverfront development districts are an economic development tool that would allow municipalities across our state to engage in intentional and effective development or redevelopment of the riverfront districts to promote economic growth, as well as tourism. Riverfront development districts are a far-reaching tool that could affect a large number of communities across our state. Following my testimony, you'll hear from city officials from across the state that can speak more about how riverfront development districts could possibly affect their communities. As I noted, the legal counsel's memo contains a section-by-section analysis of LB97. I also want to note that again this is entirely up to the city whether they would choose to

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use this tool or not, so it's creating a tool that a city may decide to adopt and use. And it's entirely up to the city whether or not to use it, and to the city and their ordinance to decide the powers and authority and resources they wish to allow the riverfront development authority to have. So I also just note the fiscal note that's tied to the bill notes a reduction in revenue, which is a bit of a surprise, given some other similar bills that have been introduced on business improvement districts. Really, it is the case that if the riverfront development district were to purchase property, they do have tax exempt status. And so any...the reduction of revenue is really...the reduction of revenue, should they choose to have the property or have sales, and those would have tax-exempt provisions. So but again, we've had similar kinds of business improvement districts, economic development tools that have not had the similar fiscal note. And so I would be happy to talk to the Fiscal Office more about what's behind that note in terms of recognizing what the impact could be. So with that, I'm happy to try to answer any questions that you have. [LB97]

SENATOR HANSEN: Great, thank you. Are there questions for Senator Crawford? Senator Riepe. [LB97]

SENATOR RIEPE: Senator Hansen, thank you very much. Senator Crawford, thank you for being here. One of the questions that I have, does Omaha have a current riverfront development committee? I mean, is this in addition to or in lieu of? [LB97]

SENATOR CRAWFORD: So this, I believe when Senator Mello introduced the bill he was thinking about, you know, economic development that may happen in Omaha or how it might happen in Omaha. My intent...what I thought, as I said in my testimony, I was impressed with the opportunities that Norfolk and some of the other cities you're going to hear from today saw in the bill in terms of the tool that they could use. So my intent in introducing it is really to provide this tool for municipalities to use and my eye toward it is much more about some of the other cities who came forward to say this is something we really want, this is something we think would be great. And again, whether Omaha chooses to use it or not would be entirely up to them. It's entirely permissive, gives an opportunity for the tool to be used. But whether they would choose to use it or not, if they have another committee in place, if they have other plans, that's entirely up to them. It's only the creation of the tool. [LB97]

SENATOR RIEPE: And we might hear that later. [LB97]

SENATOR CRAWFORD: Right. [LB97]

SENATOR RIEPE: If this is successful, do you anticipate coming back with another bill that would be creek development district, towns that are unfortunate not to have a river? [LB97]

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SENATOR CRAWFORD: Well, I think that this tool is for riverfronts. I think there are special economic development opportunities that exist in riverfronts that probably don't exist for creeks. But, you know, I'm always interested to find opportunities for economic development. So you can see if there are opportunities that are untapped there. And if it's the case that the state can create a framework that allows it to thrive in the community, then I think, you know, it's important for us to have that conversation. [LB97]

SENATOR RIEPE: Okay, thank you. I have one more, if I may, Mr. Chairman. On the pink slip on the fiscal note it says, and I quote, it's about the third paragraph down, it says "The property of the district would be exempt from property taxes, the purchases of the district would be exempt from sales and use taxes, and the interest of the bonds issued by the district would be exempt from income tax." And I guess my question is that is that forever, as long as the grass is green and the rivers flow? I mean... [LB97]

SENATOR CRAWFORD: It would be...this authority, because it's a government subdivision would have those exemptions. So it would be as long as the authority stayed. [LB97]

SENATOR RIEPE: Stayed in place. [LB97]

SENATOR CRAWFORD: As long as the authority continues to own those things or be in charge of those sales. [LB97]

SENATOR RIEPE: So it's like a tax-exempt organization in essence? [LB97]

SENATOR CRAWFORD: Correct. It's a political subdivision that has the tax exemptions of a political subdivision, yes. [LB97]

SENATOR RIEPE: Okay, thank you. You've been very helpful. Thank you, sir. [LB97]

SENATOR HANSEN: Thank you, Senator. Are there any further questions for Senator Crawford? Seeing none, will you be staying to close? [LB97]

SENATOR CRAWFORD: Yes, thank you. [LB97]

SENATOR HANSEN: Of course. Great. All right, we will take our first proponent testifier for LB97. [LB97]

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JOSH MOENNING: (Exhibit 5) Afternoon, members of the committee. My name is Josh Moenning, J-o-s-h M-o-e-n-n-i-n-g, mayor of the city of Norfolk. The city of Norfolk fully supports LB97 for the following reasons: first, the bill formerly recognizes the importance of our state's natural waterways to redevelopment within our communities. Rivers gave rise to several of our cities and towns. Once the lifeblood, many of our rivers and riverfronts are now neglected and wholly underutilized as community development assets. Second, redevelopment of the north fork of the Elkhorn River is a prime example of growth potential not only for the benefit of the city of Norfolk, but the region of northeast Nebraska. The river was a birthplace of Norfolk, the home of the city's first business enterprise, a hydro-powered flour mill. Surrounding it is a historic public park, a WPA project that served as a recreation destination in the region until destroyed by flooding in the 1960s. Even though flood control measures are now in place to prevent future flooding, the riverfront corridor area remains blighted and underdeveloped. Like many Nebraska communities, Norfolk has a housing shortage. Redevelopment of our riverfront would enhance residential retail and recreational opportunities all in our historic downtown, which already serves as a regional trade and commerce center. This policy could help us grow in a positive way that strengthens sense of place, boosts regional identity, and retains young people. Third, this is a local control effort. The bill empowers people within communities to direct community growth in a proactive and strategic manner. As it is, communities, particularly rural communities, have few real incentives to help encourage redevelopment. This bill simply adds a tool to the toolbox to be used only upon the affirmative determination of elected representatives in an open public process. For these reasons, the city of Norfolk fully supports LB97 and encourages your advancement of the bill. Thank you. [LB97]

SENATOR HANSEN: Great, thank you. Are there any questions for the mayor? Seeing none, thank you for coming down. [LB97]

JOSH MOENNING: Thank you. [LB97]

SENATOR HANSEN: All right, we will take our next proponent. [LB97]

STAN STAAB: Good afternoon, Senators. [LB97]

SENATOR HANSEN: Welcome. [LB97]

STAN STAAB: (Exhibit 6) Thank you very much for permitting me to testify. My name is Stan Staab, S-t-a-n S-t-a-a-b, and I've got a packet for you today to look at. I'm following up our newly-elected mayor of Norfolk, Josh Moenning, a great young man that's going to lead us on to victory with this I hope. I belong to a group called the NorthFork Development Project. We are in place as volunteers and we've been working diligently for about 11 years now to try to make

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all of this come together and come forward. We are in support, strongly in support, of LB97 and we have a mission to assist the city and everyone else who wants to work with us in the creation of a recreational, residential, entertainment, and business corridor along the north fork of the Elkhorn River. And in your packet you will see some of the renderings, some of the ideas, and some of the things that have already been put in place. We have a long ways to go with this, however. We believe that LB97 will be a great tool, as was mentioned, in the new toolbox to do this. It will enhance economic opportunity and the quality of life for the citizens of Norfolk, northeast Nebraska, the state of Nebraska, and in fact the region. LB97 would be another tool that other communities could also use to promote development along their rivers. We strongly encourage those folks to do that, and there's also a map in there that shows those locations in the state, those other communities that have opportunities. And some of those folks have started working on that. We want to be a miniature Omaha in terms of riverfront development quite frankly. You folks have done wonderful things, we've followed this for years. I have personally been to San Antonio. I've been around the country to several different communities that have literally changed the face of their community by developing their water resources. We have the fortunate advantage that the north fork of the river, which used to flood for many, many years, and put water as high as four feet down the middle of Main Street in the 1940s, is now controlled by the Army Corps of Engineers. This is a controlled river that runs through our town, about four to five feet deep, except during flood stage, which doesn't happen very often. And it's still controlled. We have accepted the donation of the American Society of Landscape Architects, who saw a great interest in this; conceptual drawings of a little park called Johnson Park; and the city has come together to begin allocating funds to renovate and construct walking trails through and around Johnson Park and along the river. It's a great beginning for us. And there now needs to, however, be private investment to make this all happen. This is a true public/private partnership here and LB97 may be exactly the tool that we're looking for to help us do that. We would appreciate all the support you could do for us on this. Communities across the country, large and small; as I mentioned San Antonio to Pella, Iowa. If you've never been and saw their development, I encourage you to go over. They have embraced their rivers, they branded their communities as a fun, active community in which to live. When young people think about where they want to live and raise a family, many prefer communities that offer a urban environment, but the quiet escape of nature. And this would do that, this would help do that. All of us in Nebraska are looking for ways to retain younger citizens, and developing our river areas and our water resources right in our backyard and our front door may be the one more attraction that would help us stay in Nebraska. It would help Omaha, it would help Norfolk, and other folks that are interested. I thank you for your time, I appreciate it. I'd take any questions you might have. [LB97]

SENATOR HANSEN: Great, thank you. Are there questions for Mr. Staab? Seeing none, thank you for coming to testify. [LB97]

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STAN STAAB: Thank you very much. [LB97]

SENATOR HANSEN: All right, we'll take our next proponent for LB97. [LB97]

ERVIN PORTIS: Good afternoon, Mr. Chairman. My name is Ervin Portis, E-r-v-i-n, Portis, P-o-r-t-i-s, the city administrator of Plattsmouth. And I'll be brief, no real need to be redundant here. Senator Crawford, you know, we would like to say thank you for introducing this legislation. Had it been moved forward last year, we, Plattsmouth, definitely would have taken advantage of it. We're in the latter stages of developing our riverfront right now, \$7 million investment, combination of public and private investment. We intend to focus on commercial recreation, take advantage of a marina opportunity, trails, tourism, bring people to the community. And we've had to be really quite creative in our financing package to pull this off. This legislation, had it been in place, would have been a really, really valuable tool for us. And I would encourage that the legislation move forward. There are...I'm certain there are plenty of other communities like Plattsmouth who would like to take advantage of it. But with that, any questions? [LB97]

SENATOR HANSEN: Okay. Are there questions for Mr. Portis? Seeing none, thank you for coming down. All right, we'll take any more testifiers in support of LB97. All right, seeing none, we'll move on to opponent testimony. Is there anybody in opposition? [LB97]

CASSIE PABEN: Good afternoon, members of the Urban Affairs Committee. My name is Cassie, C-a-s-s-i-e, Paben, P-a-b-e-n, and I'm the deputy chief of staff for economic development for the city of Omaha. The city of Omaha has had an intense focus on riverfront development under Mayor Stothert's leadership. This vision for our future of our city has had a multipronged approach: how do we develop the riverfront, how do we activate the riverfront, and how do we connect the riverfront to the rest of our community and other developments in the area? As part of this effort, we have undertaken the following activities. The city, along with the city of Council Bluffs, Iowa, and other community partners, brought in the Urban Land Institute, otherwise known as ULI, in late 2014 to study the area and help establish a vision that allows both communities to better activate the space along the Missouri River. Upon completion of their study, ULI released a report in 2015 with recommendations to both cities on how to best activate the waterfront. From the ULI study, the city, in conjunction with the Greater Omaha Chamber of Commerce, created the Missouri River Commons Initiative. This initiative is housed at the chamber and, as of yesterday, now has a full-time employee dedicated to the activation of this space on both sides of the river. Mayor Stothert has teamed with philanthropic business and community partners and has formed the Riverfront Revitalization Planning Committee. This committee is actively meeting and preparing to release an RFQ to consultants to assist us with a plan to further develop the land that encompasses the area from the Bob Kerrey Pedestrian

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Bridge to Heartland of America Park, as well as an area on the Council Bluffs side of the river. In addition, this committee will also evaluate how the riverfront can be connected with the Gene Leahy Mall in downtown Omaha, as well as other projects. The city has torn down the former Storz, otherwise known as the Rick's Boatyard structure, that was along the waterfront. We recognize that the removal of this structure was necessary for us to create the waterfront we want and our city deserves. The city has hired a consultant to look at extending Capitol Avenue to the waterfront. We anticipate this will require going over railroad tracks and underneath power lines, but know that the importance of connecting this space with the remainder of downtown has great potential. The city has worked with state and federal agencies and determined what physically can or can't be done on our waterfront, given that this area is a superfund site. Although the city of Omaha is always exploring new economic development tools, we have concerns about the proposed legislation before you today. Those concerns are: implementation of the Riverfront Development Authority would result in a tax increase for the citizens of Omaha, either through an occupation tax levied within the district boundaries or a special assessment to the property owners within the district. We have heard repeatedly and consistently from the citizens in our community that they do not want their taxes raised, and the mayor does not support a tax increase. It is important to note that this new tool may not really be a new tool, as communities have the ability today to levy an occupation tax or property assessment to pay for the activities this enabling legislation proposes to do. Section 11(3) states that any bonds that the authority issues shall at all times be exempt from taxes. Tax-exempt bonds are only to be used for public purpose. However, in Section 6 of the legislation, which outlines the powers of the authority, the potential exists that not all the powers could be considered public purpose. The proposed legislation does not address how the authority, if formed, would work with an existing business improvement district, which is the case in Omaha. Our business improvement district in downtown does encompass a large section of our waterfront currently. If this legislation were to be passed and if this were something that the local community would choose to do, more than likely in our case we would be forced to look at an occupation tax. If that were the case, the potential exists that this would significantly impact our arena and convention center, as well as hotels in the area, creating a competitive disadvantage for our venues and hospitality providers. LB97 would allow the authority to create or implement plans for improvements and redevelopment within the boundaries on its own or in conjunction with the city or other public entities. Given the work that we have already done, we would insist that if this were to move forward and in Omaha that the city was actively involved. Moreover, the proposed legislation does not address how any liabilities the authority might have if it is dissolved would be handled. Are municipalities to assume the remaining liabilities of the authority as they do with sanitary improvement districts upon annexation or are creditors expected to forgive any remaining liabilities? LB97 is identical to proposed legislation that was introduced last year, Senator Crawford mentioned in her opening remarks, LB806. Previously, the city of Omaha was neutral, but had several concerns, many of which I again outline today. And however, for those reasons, we must oppose LB97. And I'd be happy to answer any questions you might have. [LB97]

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SENATOR HANSEN: Thank you, Ms. Paben. Senator Howard, I saw your hand. [LB97]

SENATOR HOWARD: Thank you, Senator Hansen. Thank you for visiting with us today. [LB97]

CASSIE PABEN: You bet. [LB97]

SENATOR HOWARD: I remember hearing your testimony last year in neutral. And you worked with Senator Mello to address some of those concerns before it came out of committee, is that correct? [LB97]

CASSIE PABEN: I would tell you we had a meeting the Friday before the public hearing, we had discussed a few things. However, we did not receive a draft of his amendments to his original proposed legislation until after the public hearing was held and those amendments that he made still did not address our concerns. [LB97]

SENATOR HOWARD: And then you brought these concerns to Senator Crawford? [LB97]

CASSIE PABEN: We have not had a chance to speak with Senator Crawford on this bill. [LB97]

SENATOR HOWARD: Okay, thank you. [LB97]

SENATOR HANSEN: All right, any...Senator Riepe. [LB97]

SENATOR RIEPE: Thank you. Thank you for being here. [LB97]

CASSIE PABEN: You bet. [LB97]

SENATOR RIEPE: If we were to carve out Omaha from this development piece and make it exempt, does that then mean the rest of it fails or does that make Omaha happy or not happy? [LB97]

CASSIE PABEN: That's a really interesting question, Senator. I think there's a couple of things. We fully understand that economic development across the state, whether it happens in Omaha or happens in Scottsbluff or anywhere in between, is positive for everybody. We're just saying the legislation as proposed right now we have some issues with and maybe down the road that's something we could take a look at if we could get those ironed out. But as it's currently...in its

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form as it is right now there's just issues with it. If Omaha were to be carved out and move forward, you know, I don't think we would have any issue with that. I would just say as we continue to look at our riverfront and the plans that we are moving forward, we feel pretty confident in our abilities to be able to do the things we need to do with the tools we currently have in place. [LB97]

SENATOR RIEPE: Is the viability of the entire project dependent upon Omaha being a player? [LB97]

CASSIE PABEN: I don't think so. I think every community is different. You know, our waterfront down on the Lewis and Clark Landing is probably more unique than maybe in Norfolk or other communities that might be looking at this. [LB97]

SENATOR RIEPE: It might be muddier. [LB97]

CASSIE PABEN: Yeah, you're dealing with two completely different sites. I mean, we're "handcuffed" if you will, because of the superfund site status on what we actually can develop there. The city of Omaha actually, if you look at that area from I would say just south of the airport, carving out the piece that is Iowa, and then continuing down to Heartland of America Park, we're a 90 percent property owner of that property currently. There's a few parcels that we don't own, but we're in close coordination with them. And so in terms of building development, if you will--residential, office space--we're very limited in Omaha as to what we can actually do on there. So we have to take a more activation-focused approach to it and what sort of amenities can we have that draw people to that area. But more importantly, how do we get people down there? I mean, that's our biggest challenge is if you were to tell someone right now if they were standing in Omaha that how to get to the waterfront, and in fact this was the case when ULI was in town. They were staying at the Hilton, which really, if you're familiar with the area, isn't that far from the waterfront, but we had consultants go, how do I get there. And so that's an issue that we have to deal with locally, but it's one we know, we understand, and we are addressing. And having this authority, I mean, may not potentially help us. [LB97]

SENATOR RIEPE: Okay, thank you. Thank you, Chairman. [LB97]

SENATOR HANSEN: Thank you, Senator Riepe. Any further questions? I did have one. I just kind of wanted to take a step back in frame. So my understanding of LB97 as introduced is that it allows cities to create these optional districts. [LB97]

CASSIE PABEN: Correct. [LB97]

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SENATOR HANSEN: So you're opposed to Omaha having the option of doing so? [LB97]

CASSIE PABEN: We do not feel how the legislation as currently written is beneficial to us. [LB97]

SENATOR HANSEN: Okay, so... [LB97]

CASSIE PABEN: We understand it's enabling legislation. [LB97]

SENATOR HANSEN: I guess seeing that it's enabling legislation, my question is your opposition to enabling legislation. I appreciate technical concerns and maybe some clarity on debt, and those points we can handle, and I understand that. But I would just...when I was listening to your introduction, I was just curious about the nature of the opposition. [LB97]

CASSIE PABEN: Yeah, I would tell you enabling or not there's always maybe unintended consequences that you go through that you don't realize until it's fully implemented or you're going through that process. So there's some of those things. I don't think we're necessarily opposed to, actually I know we're not opposed to riverfront development. [LB97]

SENATOR HANSEN: Sure. [LB97]

CASSIE PABEN: I mean, I spent a great deal of time working with Mayor Stothert on that. Like I had mentioned, we have a variety of different groups all coordinating together to really make our waterfront what our community deserves. I would just point out that the technical concerns that we have noticed may trickle down to those that even are proponents of this legislation. And maybe those are things that could be addressed for everybody as a whole. [LB97]

SENATOR HANSEN: Okay. Thank you, Ms. Paben. [LB97]

CASSIE PABEN: You bet. [LB97]

SENATOR HANSEN: I'll just turn the hearing back over to you I guess. [LB97]

SENATOR WAYNE: I guess for the record, Justin Wayne is here now. So, and I apologize, I was introducing another bill in another room, but can you briefly explain: the same bill was last year and you were neutral and you had the same concerns, but this year you're in opposition. Walk me through that again, please. [LB97]

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CASSIE PABEN: Yeah. Last year the same bill, and actually if I go through, and I have copies of them here, LB97 that's introduced that we're discussing right now compared to LB806 that then Senator Mello introduced, if you go through and you lay out the contents of them they are nearly...other than I think there's a section that Senator Crawford did interject into that which was not previously in there, they're nearly word for word. Last year we were neutral with concerns, many of the concerns I outlined again today. And our reason for going to opposition rather than neutral with concerns is simply that this has been before the Legislature and the body before, there were concerns, it's back again and those concerns just simply are still there. [LB97]

SENATOR WAYNE: But what changed for you to move to opposition? [LB97]

CASSIE PABEN: Our concerns weren't addressed. [LB97]

SENATOR WAYNE: So since District 13, the district I represent, has a lot of riverfront area that goes down by the airport and through, what tools are you currently using to develop that area? [LB97]

CASSIE PABEN: We are looking at a variety of tools, and actually that's part of the committee that we're working on right now. The mayor has appointed a Riverfront Revitalization Committee and so as we go through that process we know, based on the site conditions, there may not necessarily be buildings that can be done. We also know in the work that we've done with state and federal agencies the marina that currently exists it silts in every year. So we have to go through and dredge that if we want to actually use that marina. We've evaluated how can you go through and change that and will the Corps or anybody else that has any sort of jurisdiction there allow us to insert a jetty? And so we've started working through those. Now, as we get to actual development, I think development takes on a lot of different forms. Development could be buildings that are built, structures. Development could be amenity development, such as various parks and rec activities. In the case of Omaha and the landing that we're looking at, the landing itself, the concrete that's right next down to the water, that's actually the cap that sits over top the superfund site. So there's really limited activities that you can actually do without going through and starting to damage and puncture the cap. So as we continue to evaluate what sort of amenities and buildings, everything else goes in between there, that's where funding starts coming into play. We would look at our existing bond dollars that we have in place. We would look at our GO bonds. We would look at our redevelopment bonds. We would look at doing anything in conjunction with our philanthropic community as they have expressed a very keen interest in the site. [LB97]

SENATOR WAYNE: That's what I... [LB97]

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CASSIE PABEN: So, I mean, there's a lot of different things that we currently have available to us as a city that we could look at. And it's really just a matter for us of prioritizing where that all goes. [LB97]

SENATOR WAYNE: So you said a committee was formed to look at this development type issue? [LB97]

CASSIE PABEN: Correct. [LB97]

SENATOR WAYNE: So that's already been formed? [LB97]

CASSIE PABEN: Yes. [LB97]

SENATOR WAYNE: Did that committee review this legislation? [LB97]

CASSIE PABEN: That committee is aware of the legislation, yes. [LB97]

SENATOR WAYNE: So did they recommend that they don't want any more tools? [LB97]

CASSIE PABEN: The committee did not recommend that they didn't want any tools. The committee recommended that there's technical issues with this bill as we currently have it in front of us, of which I have outlined today. [LB97]

SENATOR WAYNE: So the committee is also opposed to this bill. I just want to make sure... [LB97]

CASSIE PABEN: That's not what I said, Senator. I said the committee has taken a look at it and recognizes there's technical issues with how the bill is currently written. [LB97]

SENATOR WAYNE: Any other questions? Seeing none, thank you for your testimony. Any other opponents? Seeing none, anybody testifying in the neutral capacity? [LB97]

LYNN REX: Senator Wayne, members of the committee, my name is Lynn Rex, L-y-n-n R-e-x, representing the League of Nebraska Municipalities. The League is here today in a neutral capacity. Last year we supported LB806. The reason why we are neutral is that under our legislative protocols when we have our members divided we do take a neutral posture. That being said, I would like to underscore that last year Norfolk also testified in support of the bill.

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And looking at the committee statement, you also had letters of support from Beatrice, Plattsmouth, and Bellevue. With that, I do want to underscore that the bill, as we read it, and I'm sure that committee counsel or Senator Crawford can clarify if I'm incorrect, but on page 2, line 30, this is an optional bill, "A city may create a riverfront development district." And that's why our legislative committees did vote unanimously to support this. That being said, by the time it got through the executive board, which also voted to support it, Omaha had taken a position which was negative, and under our protocol we are here in a neutral capacity because of that. And I think in consultation with Cassie and Jack Cheloha and others from the city of Omaha, perhaps there's a way to either exempt them of that, something that they would like to have done, or perhaps address their concern or whatever. But I can tell you that the first- and second-class cities would like to have this measure move forward. That being said, this bill does not apply to villages, just as a point of understanding. So I'd be happy to respond to any questions you might have. [LB97]

SENATOR WAYNE: Any questions from the committee? Senator Riepe. [LB97]

SENATOR RIEPE: Thank you, Senator. My question is this, and thank you for being here, are any of these eligible, and I see Beatrice or Norfolk, are they eligible for turnback taxes under the casino...or not the casino, but the arena tax? [LB97]

LYNN REX: No. [LB97]

SENATOR RIEPE: They're not eligible for that? [LB97]

LYNN REX: Well, I mean, there are certain ways in which if they wanted to have some type of...if they wanted to go into the...certainly the Ralston one, no, that's kind of closed. [LB97]

SENATOR RIEPE: They have a creek, but not a river. [LB97]

LYNN REX: The other two arenas...pardon me? [LB97]

SENATOR RIEPE: They have a creek, but not a river. [LB97]

LYNN REX: You know, I shouldn't say no on that. I don't know. I don't know. I don't think that's the intent of this, however. [LB97]

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SENATOR RIEPE: I'm just curious. Because they're kind of for community development, that's why I was curious if that was a revenue source. [LB97]

LYNN REX: I may need to verify that. We don't see it as that, but that doesn't mean it couldn't. I need to go back and just verify and check that out. [LB97]

SENATOR RIEPE: Thank you. [LB97]

LYNN REX: I don't think that's the intent of this legislation, however. But of course with all economic development tools, cities can use more than one at one time, whether it's tax increment financing or some other mechanisms that are in place. [LB97]

SENATOR WAYNE: Any other questions from the committee? Seeing none, thank you for coming today. [LB97]

LYNN REX: Thank you very much. [LB97]

SENATOR WAYNE: Any other testifiers in a neutral capacity? Welcome to your Urban Affairs Committee. [LB97]

RICHARD HEDRICK: (Exhibit 8) I am Richard Hedrick, H-e-d-r-i-c-k. I believe that LB625 and LB97 should be changed to require bids. As a taxpayer, I believe that there should be two or more bids be required where possible. Projects over \$20,000 must be advertised for bids. A contractor not knowing a bid can ask to be considered. In short, LB625 and LB97 will be required to bid as most government businesses are required. It will help to keep graft down. My eminent domain experience with the city council of Waverly shows that something is needed. For some reason, Waverly City Council wanted to buy our property, when it turned out they did not have a use for it. It took two trials, as there were two parcels on our ground--this is farm ground north of Waverly. My children's property cost Waverly \$40,000 for their attorney. A friend tried to find out what Waverly paid their city attorney Mark Fahleson and sidekick attorney Bargaen, but could not get an answer. Was as much...that would be as much as Randy's \$40,000, so they would be three attorneys for \$120,000. My trial for my property they took I could not get paid, as I was pro se. Mark Fahleson and Bargaen would be \$80,000 for their two city attorneys. Alternatives for this would have been using 141st Street east side, which would only have been one trial. Then they could have advertised to see if they could have gotten someone to sell their property. Waverly is not that big of a town. There would not have been an expensive trial. Mark Fahleson would not have liked that. I came in the world with Hitler and supporters. Hitler supporters hated Jews. I remember going to the movies and seeing movie news reels of German

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people attacking German Jews. I did not see any Germans defending the Jews. I will be going out of the world with Trump and supporters. Trump and supporters hate nonwhites. Difference between Germany in 1930 and the United States today? We have 60 percent of the people are against Trump and supporters. Today I see news of demonstrators against Trump and his supporters. Thank you. [LB97]

SENATOR WAYNE: Thank you. Any questions from the committee? Seeing none, thank you. Any other neutral testifiers? Oh, you tricked me when you got up. Any other neutral testifiers? You may close. [LB97]

SENATOR CRAWFORD: Thank you, committee members. I appreciate your time and attention to this issue. You also should have now a letter of support from the city of Beatrice. And again, I stress really what impressed me when we were discussing this issue last year in the committee was the interest of several of our cities in this as a tool. And one of the...there are also often challenges in riverfront development with prior uses of the land and redeveloping the land and additional complications with land use and the riverfront, and this tool is one of the tools that allows cities to really tackle some of those projects and have a way to tackle those projects, and a way to help finance and move forward on riverfront development. I do want to stress again that, as you note at the bottom of page 2 on the bill itself, in order for a city to choose to do this, it must be done by the adoption of an ordinance. And so in terms of a city, this is only something that a city would do if there would be the political will to pass an ordinance to do so. And the ordinance would identify the boundaries of the district and also the only way that the riverfront development authority would be levying an occupation tax or an assessment would be if it did so through city ordinance. So it really is up to the cities to choose if they are going to have any taxes or levies associated with the project, and it's entirely up to the city to choose whether or not to use the bill. And I think we've heard from multiple cities who have an interest in using the bill, and the tool itself is there, and the cities are allowed to use it for the purposes they may choose to use it. Just for the record, too, I'm going to note some of the changes that were made from the original bill to the bill that you have before you today. And these were changes that were originally in the committee amendment to the bill. And these came out of many conversations about technical challenges to the bill, mostly from conversations with the city of Omaha when it was introduced last time. The first change was not from the city of Omaha; the first change was amending the definition of river to specifically list river and to add the Big Blue River, which is one of the...one of our cities had an interest in that. The second change was requiring the city creating a riverfront development authority to set a cap on the bonding authority of the riverfront authority. And another change was clarifying that only property owned by a riverfront development authority would be tax exempt. So then to limit that tax-exempt risk. Another change that was made was to authorize a riverfront development authority to construct, install, and maintain boardwalks, barges, docks, and wharves. This was a change just to recognize some of those other uses that a city might want to do. Another change was to provide that a city that

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creates a riverfront development authority may limit the powers of that authority by ordinance. Another change was to prohibit an occupation tax or special assessment from being imposed in both a riverfront development district and a business improvement district if the boundaries of the riverfront development and business improvement district overlap. And this was particularly to address concerns that were raised by the city of Omaha about how it might interact with existing opportunities that already exist on the riverfront, and want to make sure that was clear for other cities that may be in that same situation. And finally, it specifies that a riverfront development authority would make plans for improvements and redevelopments within the district in conjunction with the city. So being very clear the city is in charge in terms of driving the vision and plan for this riverfront development. It's an economic development tool to allow cities to have the opportunity to use this tool, should they choose to do so. And if the city of Omaha has other tools in place, other plans in place, there's nothing in the bill that requires them to adopt it or use it. But I think it's an important tool that many of our cities could use to be able to have the opportunity to create opportunities along their own riverfronts. So with that, I will close and see if you have any last questions. [LB97]

SENATOR WAYNE: Any questions, last questions from the committee? There are none. [LB97]

SENATOR CRAWFORD: Thank you. And my other bill is opening. [LB97]

SENATOR WAYNE: (Exhibits 1, 2, 3, 4, 7) You can go ahead, I'm just going to read these into...letters of support neutral on the record and close. On LB97 we have letters of support from the city of Beatrice, we have letters of support from the city of South Sioux City, letter of support from Mayor Josh Moenning from the city of Norfolk. In the neutral capacity we have Metro Entertainment Convention Authority, and also in the neutral capacity Greater Omaha Chamber of Commerce. And with that, that will close the hearing on LB97 and we will open the hearing on LB625. Senator Larson, you have your opening. [LB97]

SENATOR LARSON: (Exhibit 3) Good afternoon, Chairman Wayne and members of the Urban Affairs Committee. My name is Tyson Larson, T-y-s-o-n L-a-r-s-o-n, and I'm here representing Legislative District 40. I am here this afternoon to present LB625 for your consideration. In 2016, the Legislature passed and the Governor signed LB1012 into law. LB1012, sponsored by former Senator Heath Mello and heard last session in this committee, created the Property Assessed Clean Energy Act, authorizing PACE financing in Nebraska. PACE allows property owners to finance energy efficiency improvements with fixed rate, long-term loan repaid in the form of a special assessment on the improved property. In order to use PACE, a city must pass an ordinance establishing a PACE district and the structure under which a PACE program is administered. LB1012 was passed last session with input from the League; city of Lincoln; Nebraska Bankers; LIBA; PACE Sage, LLC; and Renovate America. Nebraska is one of more

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than 30 states that have adopted PACE legislation. During the last legislative interim, the Legislature's Climate Change Task Force, which I co-chaired with Senator Ken Haar, held hearings where stakeholders recommended that PACE financing be accessible beyond city limits so that PACE would be available to Nebraska's farmers, ranchers, and agribusinesses. The primary reason I decided to introduce LB625 and as a result of the Climate Change Task Force, is to encourage energy efficiency by property owners anywhere in Nebraska, not just within city limits. As introduced, LB625 allows counties to approve resolutions authorizing PACE financing within the county, but not within city limits, thereby leaving that authority to the cities. Furthermore, agricultural property is added in to the definition of eligible property. As we drafted the bill for introduction, we heard from stakeholders who suggested other changes intended to improve the mechanics of PACE. Three of those suggestions were incorporated into the introduced version of LB625. First, the requirement for ongoing measurements of energy savings is stricken. This collection of data will serve as an unnecessary ongoing cost and burden the property owners further. Second, lenders from the commercial PACE loan would be permitted to collect annual assessments directly from the property owners with approval of the city or county. Third, the annual reporting requirements for local governments are simplified. Since LB625 was introduced last month, discussions with stakeholders have led to consensus around a couple of additional changes, which are included in a draft AM224. The amendment strikes the definition of agricultural equipment found on page 4, lines 3 and 4; the existing definitions of eligible energy efficiency improvements are expected to cover potential ag-related issues. AM224 also clarifies the city's PACE district may include "its extraterritorial zoning jurisdiction" or ETJ, and that the county's PACE district may not include territory within the city's ETJ. Finally, AM224 provides that when there is direct collection of an annual assessment for commercial PACE loan the lender will be required to notify the local government within three business days of any delinquency. This last change will allow the city or county to meet their obligation to file a lien within 14 days of an annual assessment becoming delinquent. It is my understanding that a handful of cities are considering the adoption of PACE ordinances within the next several months, if not weeks. I also understand that the commercial real estate developers with projects in Omaha, La Vista, Papillion, Lincoln, and Grand Island are actively considering PACE financing. While the PACE Act, as enacted in 2016, provides an adequate framework for establishing a PACE program, the changes offered in LB625 and AM224 offer important improvements to PACE that will increase eligibility and efficiency of PACE financing in Nebraska. I'd like to thank the committee for your time today and can try to answer any questions for...regarding AM224 or LB625. And there will be a number of people behind me that can further dive into the details. [LB625]

SENATOR WAYNE: Thank you for your introduction. Any testimony...or any questions from the committee? Seeing none, will you be here for your closing? [LB625]

SENATOR LARSON: Yeah. [LB625]

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SENATOR WAYNE: Okay. Any proponents? Welcome to your Urban Affairs. [LB625]

CHRIS PETERSON: (Exhibit 4) Chairman Wayne, members of the Urban Affairs Committee, my name is Chris Peterson, C-h-r-i-s P-e-t-e-r-s-o-n, representing PACE Sage, a loan originator encouraging development of a commercial PACE financing market in Nebraska. I'm appearing in support of LB625 and the amendment proposed by Senator Larson. I want to thank Senator Larson for introducing LB625. Last year, with the passage of LB1012, Nebraska joined more than 30 other states that have enacted PACE financing laws. PACE financing allows property owners to finance energy upgrades for building renovations or new construction with a fixed rate, long-term loan repaid as a special assessment on the property. Commercial PACE loans are ordinarily financed by private lenders. Since last summer, I've met with dozens of potential stakeholders in Nebraska, including several cities, about enacting PACE ordinances. In addition, PACE Sage has met with a handful of Nebraska bankers, real estate attorneys, developers, and property owners to educate the marketplace on PACE financing. And today, we are in discussions with several developers who have an interest in using PACE financing for commercial real estate projects in a handful of cities. Based on all of these conversations, I'm optimistic that cities will begin adopting PACE ordinances soon, establishing PACE districts, and the structure for using this financing tool. This year, LB625 would build on the foundation established with LB1012 by first allowing property outside of city limits access to PACE financing, including agricultural property; second, eliminating a requirement for ongoing measurements; third, providing for a direct collection of annual assessments for commercial PACE loans; and fourth, simplifying an annual reporting requirement. Property outside of city limits, including agricultural property, should have the same access to PACE financing as property within city limits. LB625 equalizes access to PACE financing, regardless of whether a property is in the heart of a city or village or in the rolling hills or vast plains of Nebraska's countryside. The ongoing measurements provision in the PACE Act creates an unnecessary burden on property owners. Allowing direct collection of annual assessments gives PACE districts, lenders, and property owners the flexibility to eliminate the local government pass-through for commercial PACE loan payments. Direct collection will allow local governments the option of avoiding the annual administrative costs associated with collecting PACE assessments and remitting those assessments to the lender. LB625 would also allow cities that collaborate on PACE districts to submit a combined annual report to this committee, as opposed to the separate reporting currently required under the PACE Act. The amendment offered by Senator Larson clarifies a few items in LB625 as introduced and we support its inclusion. LB625 improves Nebraska's PACE Act and will help increase eligibility and accessibility for PACE financing in our state. And LB625 supports the public policy rationale behind the establishment of the PACE Act in 2016, that the state should promote energy efficiency improvements and renewable energy systems. I urge the committee to advance LB625 with the amendment offered by Senator Larson to the full Legislature for consideration. Thank you, and I'd be happy to answer any questions. [LB625]

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SENATOR WAYNE: Thank you. Any questions from the committee? Seeing none, thank you for your testimony. Any other proponents? [LB625]

KEN WINSTON: (Exhibit 5) Good afternoon, Chairman Wayne and members of the Urban Affairs Committee. This might be the first time I've ever appeared before the Urban Affairs Committee. [LB625]

SENATOR WAYNE: Welcome. [LB625]

KEN WINSTON: Well, thank you. Well, and it's good to be here today. My name is Ken Winston, K-e-n W-i-n-s-t-o-n, appearing on behalf of the Bold Alliance in support of LB625. Want to begin by thanking Senator Larson for introducing LB625, just state a few reasons why the Bold Alliance supports LB625. First of all, we think it's a commonsense expansion of the PACE concept that was adopted by the Legislature in 2016. And there's a great deal of interest in energy efficiency and solar investment by consumers. One of the biggest problems that people have is the fact that they can't, often can't, come up with the money up-front and the PACE program enables them to come up with the money and provide an affordable financing arrangement to pay it back by providing a payment system through their property taxes. Consumer energy efficiency and renewable energy investments provide many benefits for many, on many different levels. Homeowners and businesses can reduce their utility bills while their homes and businesses become safer and more comfortable. For utilities, they reduce the cost of generating electricity; and in the long-term, they can also reduce the need for new capacity. And for Nebraska, it can provide jobs and economic investments that create a positive ripple effect for our economy. There's great potential for PACE programs in rural areas, which is one of the major things that LB625 does. From energy efficiency improvements in farm homes to solar projects that can help power center pivots or also, there's some livestock operations that could benefit from having these kinds of investments. Expanding PACE was one of the recommendations that LB455 special legislative committee, and I believe that Senator Haar is here to talk more about that. And allowing PACE expansion increases the likelihood of combining PACE districts, which it creates economies of scale that can make these programs more affordable for consumers. I would be glad to answer any questions. [LB625]

SENATOR WAYNE: Any questions from the committee? Senator Riepe. [LB625]

SENATOR RIEPE: Thank you, Senator Wayne. A question that I'm always curious about is who has a dog in which fight, and is your interest here as an attorney? Is this kind of a specialty of yours, or what brings you to witness today? [LB625]

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KEN WINSTON: Well, I'm representing the Bold Alliance, which is an entity that supports renewable energy and property rights and human rights. And in this particular situation, it's energy interests that we're supporting. You know, I would probably leave the development of PACE districts to people that are more expert, the people that Mr. Peterson represents. I mean, I think they have a lot of expertise. I guess if somebody hired me to work on something like that, I'd be interested in it, you know, I'd be willing to find out how the whole thing works. But no one has hired me to try to develop a PACE program for their communities. Like I said, I'd certainly be willing to investigate that, but I don't have any clients in that realm. [LB625]

SENATOR RIEPE: Okay, thank you. [LB625]

KEN WINSTON: You bet. [LB625]

SENATOR WAYNE: Any other questions from the committee? Seeing none, thank you for coming today. [LB625]

KEN WINSTON: Thank you. [LB625]

SENATOR WAYNE: Any other proponents? Welcome, Mr. Hansen. [LB625]

JOHN HANSEN: Good afternoon, Chairman Wayne and members of the committee. For the record, my name is John Hansen, J-o-h-n H-a-n-s-e-n. I'm the president of the Nebraska Farmers Union. We're the second-oldest, second-largest general farm organization in the state. We've been actively involved in renewable energy development, renewable energy projects, and support incentives and all of those things for a very long time. And I would share Ken Winston's observation before me, I've represented my organization for 27 years and I believe that this is the first time I have in fact made it before the Urban Affairs Committee. I can't begin to tell you how good that is to know that I've accomplished that in my career. [LB625]

SENATOR WAYNE: Thank you for coming. We welcome you. [LB625]

JOHN HANSEN: Thank you, thank you. So this looks to me to be a way to put all of Nebraskans on a more level playing field, in that we support it and worked with Senator Mello in the establishment of the PACE program--good idea, good goals, a creative and useful mechanism. But it really sort of left those of us who live in the country without the same tools. And we have the same needs and we certainly have got a lot of folks, a lot of interest in our organization, in rural communities with solar, small wind, and efforts to try to make a lot of old and very leaky farmhouses tighter and to look for more renewable energy efficient ways of doing

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things. And this is one of the things that came up in LR455, and so we compliment and thank Senator Larson for bringing it forward. And we're pleased and enthusiastic in supporting LB625 and would also mention that we have left some copies of our written remarks with you earlier and would like to have them included as well. Thank you for the opportunity to appear before you today in all seriousness. And I'd be glad to answer any questions if I could. [LB625]

SENATOR WAYNE: Any questions from the committee? Seeing none, we'll thank you for coming. And you can cross that off your list now. [LB625]

JOHN HANSEN: Well, thank you. You know, it really is interesting to appear before committees that you don't do all the time, and so this has in fact been on my list. So thank you for the opportunity. [LB625]

SENATOR WAYNE: Thank you. Any other proponents? Welcome, Senator Haar. [LB625]

KEN HAAR: Thank you. My name is Ken Haar, K-e-n H-a-a-r, the two As. I just want to tell you that one of your retirement benefits is you get to keep that title of senator I guess for the rest of your life, and I probably get paid almost as much as you do. I'm sorry to tell you that part. So Chairman Wayne, members of the committee, colleagues, thank you for this hearing today. I want to thank Senator Larson in particular for bringing this forward. It's of particular interest to me because this, of course, last year was Senator Mello's bill, but I used my priority. As you know, very little moved through the session last year and I used my priority, and it was a great bill and it passed. So the handout I gave you, "How can you be more comfortable in your home and save money?" everybody would agree that energy efficiency does that job. And when President Carter did a video to the nation, he had a sweater on and his recommendation was to turn down the thermostat and just take the cold. But we know now that that's not necessary, that energy efficiency measures like new windows and high-efficiency furnace, and all those kind of good things can not only make you...save you money, but also make you more comfortable. And of course, this bill this year now is simply to extend PACE to rural areas, which makes a great deal of sense. And not only, of course, is PACE for energy efficiency, but it's also for renewables, and the bill has a long list of renewables that would qualify for PACE funding. So I'm very excited about the potential. I have a son who's waiting to replace his furnace until Lincoln gets its PACE program in place because under the PACE program, well, you have to demonstrate it's going to save on energy, but it's just a great way. And everybody agrees on this comfort piece, but the problem is the up-front cost of investing in solar or replacing your windows or putting insulation in your attic, all those good things. And PACE is a way that people can get all the benefits, the comfort and saving money, of energy efficiency and renewables without that large up-front cost. I think it's going to be very popular as things get going. I know Lincoln's working on it. I know Omaha's working on it. And then we hope that, as in Missouri, that smaller

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municipalities can get together and do PACE as a group. So I think this has a great deal of potential for the future. Like I say, my son is waiting to replace his old furnace, so I hope this will start to happen soon. And with that, I'd like to answer any questions you might have. [LB625]

SENATOR WAYNE: Any questions from the committee? Seeing none, thank you for coming today. [LB625]

KEN HAAR: Thanks again, and thanks, Senator Larson. [LB625]

SENATOR WAYNE: Any other proponents? Seeing none, any opponents? Anybody testifying...okay, anybody testifying in neutral (laughter)? Neutral testimony. [LB625]

LARRY DIX: (Exhibit 8) Good afternoon, Senator Wayne and members of the Urban Affairs Committee. My name is Larry Dix, spelled L-a-r-r-y D-i-x. I'm the executive director of the Nebraska Association of County Officials, appearing today in a neutral capacity. One of the things, certainly the PACE programs, and we want to make sure we're...we aren't really here on the PACE program, so we do appreciate Senator Larson extending it to the counties and some of the amendments that he produced. One of the things that last year we just flat out missed it, when the bill was introduced, it talked about a section where there would be a collection process that would be like a property tax. And what I handed out to you today is a possible amendment, and that is to be inserted on line 21, page 10. And following me is going to be a representative from the Lancaster County Treasurer's Office that will speak to it in our collection process. But over the summer months I had the opportunity to meet with some representatives that work on PACE projects and we started talking through the actual implementation. And that's really where we're coming at from this, is really from a sort of a technical amendment. But once we got into when we started discussing the technical aspects of that and based on that discussion, we realized that the collection process, the actual collection of it, presented a little bit of a challenge. And so at that point in time, we've been meeting with Mr. Peterson and other folks who are interested and brought forth an amendment. And we're certainly here and will be here to work with the Urban Affairs Committee if you think there are some other little, little things that we need to do within this amendment. We're here to certainly work with you absent of this amendment and absent of this collection process. I would tell you it does...if we're not able to come to an agreement and we have to run this through the collection process, we then have a problem in counties with the computer systems. And those systems were designed for true property tax collection, and so as you can see in the amendment, we're trying to move something a little bit more towards a special assessment and then allowing those systems to go forward. So I'm sure there will be somebody that follows that can answer the technical questions of what

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goes on in the office, but I'm more than happy to enter it in, too, and answer any questions that anybody may have. [LB625]

SENATOR WAYNE: Any questions from the committee? Seeing none, thank you for coming today. Still on neutral testimony. [LB625]

CANDACE MEREDITH: (Exhibit 9) Good afternoon. Hi, my name is Candace Meredith. I'm the chief deputy county treasurer with the County Treasurer's Office in Lancaster County, C-a-n-d-a-c-e M-e-r-e-d-i-t-h. I am here to testify in a neutral position on LB625. We have interest in one small portion of this bill. With the addition of language to line 21, page 10, we would like to take this opportunity to collaborate with you to amend the current language "will be collected the same as property tax" as a proposed practical solution for the County Treasurer's Office collection process. Adding an annual assessment to the tax roll may sound like a simple solution, however, it has been seen as a complicated add, considering that our tax statement is based on tax district calculations of parcel assessments and levies. Our suggestion would be to amend the language in line 21, page 10, to allow the county treasurers to collect annual assessments of residential PACE loans as a special assessment. This will allow the municipalities a bit more freedom to isolate parcels with PACE loans, set up annual installments, as well as set specific levy and delinquency dates per contract. We also request an amendment in statute 18-3206 that will provide clarification in the county treasurers' collection of current statutory interest rate on delinquency, remittance time lines, and commissions. This will ensure that county treasurers across Nebraska have a consistent approach to processing payments of residential PACE loans and should not have significant cost to program tax software to accommodate this collection and disbursement. We are hoping these requested amendments will assist in a proactive and cost-effective approach if a PACE loan ordinance or a resolution is activated in the future. Thank you, and if you have any questions. [LB625]

SENATOR WAYNE: Any questions from the committee? Seeing none, thank you for coming today. Any others in a neutral capacity? [LB625]

CHRISTY ABRAHAM: Good afternoon, Senator Wayne and members of the Urban Affairs Committee. My name is Christy Abraham, C-h-r-i-s-t-y A-b-r-a-h-a-m, representing the League of Nebraska Municipalities. We first want to thank Senator Larson and his staff for giving the League an opportunity to review this bill, we're very grateful for that. And the League is very comfortable with this bill. Senator Larson's office was kind enough to add language on page 5, lines 22 to 25, that clarify if a county is going to adopt one of these districts that a municipality that's located within that county won't necessarily be included. There are provisions in the bill where a county and city could go together, but this clarifies if a county does do a district it wouldn't...excuse me, include any municipality that's in that county. I understand there's also an

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amendment that says not only the corporate boundaries of a city, but the ETJ, and we are comfortable with that provision of the amendment. The League has been very supportive of PACE legislation in the past and we support it now and look forward to including the counties. I'm happy to answer any questions. [LB625]

SENATOR WAYNE: Any questions? Seeing none, thank you for coming today. [LB625]

CHRISTY ABRAHAM: Thank you. [LB625]

SENATOR WAYNE: (Exhibits 1, 2, 6) Any others in the neutral capacity? Seeing none, Senator Larson? Senator Larson waives his closing. Reading into the record for LB625, letters of support from Petros PACE Finance; support from Nebraska Farmers Union. And opposition, a letter of opposition, Americans for Prosperity. That will close the hearing on LB625. [LB625]

SENATOR HANSEN: All right. We will move on to the hearing for LB614. And since that is Senator Wayne's bill, I'll take over again. [LB614]

SENATOR WAYNE: Thank you, Senator Hansen and members of the Urban Affairs Committee. I had a short introduction, but legal counsel wanted to make sure that I was complete and so if you would bear with me. My name is Justin Wayne, J-u-s-t-i-n, I represent Legislative District 13, which is north Omaha and northeast Douglas County. LB614 is designed to update and modernize the Local Option Municipal Economic Development Act, which is commonly referred to as LB840. Under the act, the municipality's annual spending on its LB840 program currently cannot exceed either two statutory spending caps. The first one is a flat dollar amount based upon the classification of the municipality. The other one is an amount not to exceed 0.4 percent of the taxable valuation in the municipality for the prior year. In addition to these two statutory caps, voters within the municipality may enact voter-approved limitations on the annual spending as it relates to LB840 program. In 2015, the Urban Affairs Committee published a report, LR155, and the committee's interim study taking a comprehensive look at the economic development tools available to municipalities in Nebraska. One suggested change included in the LR155 report was changing the statutory caps of the L84...I'm sorry, LB840 programs...LB840, I'm just going to go that way. Because the municipality's spending on its LB840 program cannot exceed either of two statutory current caps, the effective caps is basically becomes whichever one is lower. And for many of the smaller municipalities, it really has been a hindrance as far as the 0.4 cap. LB614 would eliminate the cap off of the taxable valuation. This cap was completely arbitrary and simply a mirror of a similar spending cap for municipality's publicity campaigns. While the flat dollar amount of the cap has been increased multiple times, the cap based off of the 0.4 percent taxable valuation has been unchanged since 1991. I'm just moving forward a little bit. Under LB614, municipalities with the LB840 programs will still fall under the flat dollar

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spending cap based off the classifications of the municipalities and will still be subject to voter approval. LB614 addresses the potential inequity that is created by the cap system, whereas one of the caps applies to larger cities, another one applies to smaller cities. LB614 also simplifies LB840 statutes, making it easier for municipalities to administer their programs. Representatives from the League of Nebraska Municipalities are behind me and will testify and hopefully answer any questions that I cannot answer. With that, I will conclude my opening. [LB614]

SENATOR HANSEN: Great, thank you. Are there questions for Senator Wayne? All right, seeing none, we'll move on to proponent testifiers. Thank you, Senator. [LB614]

LYNN REX: (Exhibit 2) Good afternoon. My name is Lynn Rex, L-y-n-n R-e-x, representing the League of Nebraska Municipalities. And first we would like to certainly thank Senator Wayne for introducing this important measure for us. Your handout shows the 68 municipalities in the state of Nebraska that already have voter-approved LB840 plans. And frankly, other than tax increment financing, this is really the only other economic development tool that municipalities have. And so it's extremely important. As Senator Wayne noted, there's basically two caps when you use an LB840 program and this would eliminate one of them but still put in place and leave in place what essentially is any cap under the current statutory caps of \$5 million for Omaha and Lincoln; \$4 million for cities of the first class, population 5,000 and up; and then \$3 million for second-class cities and villages. So those caps are in place. However, when a municipality puts forth a plan to their voters, that plan could be far less than what those caps happen to be. It can't exceed it, but it could be less than that. So we really appreciate having the language on page 2, lines 3-7 deleted, because that eliminates the four-tenths of 1 percent of the taxable valuation of the city in the year in which the funds are collected. It eliminates that as yet another cap. And as Senator Wayne indicated, this has really been a burden on cities because, frankly, you have a letter here from South Sioux City. I think there may be one or two other cities here today that might testify in support of this, because what it does is it just really ratchets down what they are able to do. And this is such an important program. It's voter-approved. If there are significant changes, they've got to go back to the voters and get that. And we do think that this is one of those plans that, frankly, we can't sell enough across the state of Nebraska. And what used to be just a handful of cities that had it, this basically is now, as I indicated, 68 municipalities. The actual language that you have here mirrors the Municipal Publicity Act, and that's where they got the actual verbiage of four-tenths of 1 percent of actual valuation. And that's 13-315 and 13-316. So that wasn't just an arbitrary number, but it was a number placed in there. And what it's proven to be is, frankly, makes it so restrictive on municipalities that they're not able to do as many great programs for their cities as they would like to do. So with that, I would happy to answer any questions that you have. And again, other than tax increment financing, this is the single most important program and economic development tool for municipalities in the state of Nebraska. [LB614]

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SENATOR HANSEN: Are there questions? Thank you, Ms. Rex. Are there questions? Senator Riepe. [LB614]

SENATOR RIEPE: Thank you, Chairman Hansen. Ms. Rex, one of the questions I have is, is this a means of weighing a public vote on a bond issue, or is that just lack of my misunderstanding? [LB614]

LYNN REX: This doesn't directly deal with that. This requires a vote. In other words, you cannot have an LB840 plan without a vote of the people. In fact, the background of this is it took four years for us to put it on the ballot as an initiative measure by the Nebraska Legislature. But LR11CA was placed on the ballot in 1990, it passed overwhelmingly, and it amended that part of the Constitution that violated the lending the credit of the state provision. And that language that you put in place basically said that municipalities shall have the power...the Legislature, rather, would have the power to authorize municipalities to use local sources of revenue for economic or industrial projects or programs subject to a vote of the people. After that, subsequent to that, several years later, Amendment 1 passed, which modified it so it was not just property taxes, but could also use other funds as well, including donations, grants, and other sorts of things. So this is all subject to voter approval, Senator. [LB614]

SENATOR RIEPE: Thank you. [LB614]

SENATOR HANSEN: Thank you, Senator Riepe. Are there any further questions? Seeing none, thank you, Ms. Rex. [LB614]

LYNN REX: Thank you. And again, thanks to Senator Wayne for introducing this. And again, to this committee for the great work that was done on LR155 back in 2015, because there have been several bills that have come out of that important study. And this committee has done a lot of terrific work, which is why your significance as a committee needs to be recognized by other bodies in the Legislature. [LB614]

SENATOR HANSEN: Thank you. [LB614]

LYNN REX: And I mean that seriously, I know you're smiling. But I mean it seriously. So really appreciate the opportunity to be here today. And thanks to Senator Wayne for introducing the bill and for committee counsel for all their work on that. [LB614]

SENATOR HANSEN: Thank you. Are there any other proponents? [LB614]

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TREVOR LEE: (Exhibit 3) Good afternoon, members of the committee. Senator Wayne, thank you for introducing this. My name is Trevor Lee, spelled T-r-e-v-o-r L-e-e. I'm the other Trevor in the room today. Probably hasn't happened that often. But I am the executive director of Valley County Economic Development, the Ord Area Chamber of Commerce, and also serve as a board member for the Nebraska Economic Developers Association. I'm not here on behalf of the chamber or the economic development organization because we have not looked at this as a body, just myself. And my position does match with that of the economic development association. The Local Option Municipal Economic Development Act, or LB840, call it what you will, that Lynn was referring to is kind of our Swiss Army knife in economic development, one of our two tools, in addition to tax increment financing. Our LB840 program and its 1 percent sales tax have been in effect since 2002. The bread and butter of our program has been sales tax loans to business start-ups, transitions, expansions, recruitment. We've touched basically every industrial sector in our local economy. We've recruited ethanol plants and hotels and Shopkos and meat markets and just kind of across the board, so it's been a very good tool for us. We've had 52 loans totaling \$4.1 million in 15 years, leveraging another \$4.1 million in capital investment. These account for 107 retained jobs and 124 new jobs directly related to those loans or those projects. So we've seen new businesses opening. We've seen new generation of young owners shoring up old businesses. Downtown is revitalized. School enrollments are exploding. Life is very good in Valley County. And this tool has been a big part of that. And normally, when a senator introduces legislation relating to LB840, people in my field kind of cringe a little bit because it's such a good tool, and it is that Swiss Army knife. But that's not the case this time, this is a very good bill. What I handed out for you, that's a history of sales tax collection, illustrates the excess fund issue. There was a time, I think even the last few years, where fewer communities were affected by this, just a handful. I don't know how many more now; but in speaking with Lynn, it sounds like several more. For us, yes, it does ratchet down some of the resources, but it also creates a challenge when it comes to accountability and voter intent because there are no requirements for those excess funds to go into a specific account. It just gets dumped into the black hole that is the general fund. So for us, we actually in this last election, which was 2016, we did renew it overwhelmingly. We added language that we referred to the four-tenths of 1 percent and added language that that would be used for parks, recreation, public safety, and infrastructure. So because that was passed, that was a voter-approved cap. So in all honesty, this is not going to benefit Ord one bit. But I think it's an important enough issue that I took six hours of road time today to drive down and talk about it. So if you have any questions, I'd be happy to answer them. [LB614]

SENATOR HANSEN: Thank you, Mr. Lee. Are there questions? Senator Crawford. [LB614]

SENATOR CRAWFORD: Thank you, Senator Hansen. And thank you for making time to be here today. [LB614]

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TREVOR LEE: Yes. [LB614]

SENATOR CRAWFORD: So since this was in the language, you said that what you...the way you move forward was restricted by that language already. Can you talk to us about what you might do differently if this language was not there? What opportunities that would open up for you? [LB614]

TREVOR LEE: Sure. [LB614]

SENATOR CRAWFORD: Or how that would help you with this issue that you raised about the concern about where those funds go in excess? [LB614]

TREVOR LEE: Right. Well, if it was never an issue, we would have more resources specifically for economic development. If I could change one thing or add one thing to this, as far as an amendment, it would be to create some kind of oversight for those excess funds that the municipality does have. A voter-approved cap, similar to the Citizens Advisory Committee, so there is some insight, a watchdog, if you will. And I'm going to back up. In no way, shape, or form am I suggesting that the city of Ord is misusing these funds. I think they're very good stewards of the dollars and the program. But it creates a challenge, not just for them, but us as the program administrator. How do we show where those things go? And that was a concern going into the renewal last year. Fortunately, we were very successful with that reelection, in part possibly because we did earmark those funds for those purposes. But again, if I go to the city clerk and ask where they went, we can't show that they went for a street sweeper, a police cruiser, or office furniture. We just don't know. And that's the exact same thing the audit would reflect, just income. [LB614]

SENATOR HANSEN: Was that all? [LB614]

SENATOR CRAWFORD: Thank you, yes. [LB614]

SENATOR HANSEN: Okay. Thank you, Senator Crawford and Mr. Lee. Are there any further questions? Seeing none, thank you for your six hours of driving. [LB614]

TREVOR LEE: Yeah, thank you. I did get to go to HuHot today, so well worth it. [LB614]

SENATOR HANSEN: Perfect. All right, are there any further proponents to LB614? Seeing none, are there any opponents to LB614? Seeing none, is there anybody wishing to testify in a neutral capacity? Seeing none, Senator Wayne, would you like to close? [LB614]

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SENATOR WAYNE: Very quickly. Kind of just to stress the importance of removing this 0.4 taxable valuation cap is a real-life example in a case where a smaller city could have a factory that somehow it catches fire or something or it closes and that valuation drops dramatically. That city could find themselves in violation of the current statute, because that was a major factory in their city, a major property tax valuation that dropped through no fault of their own. And that shouldn't be a negative when something happens like that. We should be able to support them through the other side of this legislation or the side that we're keeping, to make sure they are able to spend money to maybe help get that community back in and that factory back up and going in some way. So that's why it's important that we remove this arbitrary 0.4 tax valuation, because these smaller communities one piece of land can change that entire valuation. So with that, I close. [LB614]

SENATOR HANSEN: (Exhibit 1) Great, thank you. Any final questions? Seeing none, oh, we have one letter to read into the record in support from the city of South Sioux City. And with that, we'll close the hearing on LB614 and hearings for the day. Thank you all. [LB614]

SENATOR WAYNE: We will briefly exec if the body so moves. [LB614]