

Transcript Prepared by Clerk of the Legislature Transcribers Office
Revenue Committee February 20, 2020

LINEHAN: Welcome to the Revenue Committee public hearing. My name is Lou Ann Linehan. I'm from Elkhorn, Nebraska, and represent the 39th Legislative District. I serve as Chair of this committee. The committee will take up the bills in the order posted. Our hearing today is your public part of the legislative process. This is your opportunity to express your position on the proposed legislation before us today. If you are unable to attend the public hearing and would like your position stated for the record, you must submit your written testimony by 5:00 p.m. the day prior to the hearing. To better facilitate today's proceedings, I ask that you abide by the following procedures: please turn off cell phones and other electronic devices. Move to the chairs at the front of the room when you are ready to testify. The order of testimony is introducer, proponents, opponents, neutral, and closing remarks. If you will be testifying, please complete the green form and hand it to the committee clerk when you come up to testify. If you have written materials that you would like to distribute to the committee, please hand them to the page to distribute. I'll introduce the pages in a second. We need 11 copies for all committee members and staff. If you need additional copies, please ask a page to make copies for you now. When you begin to testify, please state and spell your name for the record. Please be concise. It is my request that you limit your testimony to five minutes. And we will use the light system so you'll have four minutes on the green, and it's-- and you need to wrap up when you're on the yellow because I will stop you at red. If there are a lot of people-- skip that part. If your remarks were reflected in previous testimony or if you would like your position to be known but not do not wish to testify, please sign the white form at the back of the room and it will be included in the official record. Please speak directly into the microphones so our transcribers are able to hear your testimony clearly. I'd like to introduce the committee staff. To my immediate right is legal counsel, Mary Jane Egr Edson. To my immediate left is research analyst, Kay Bergquist. And to my left, at the end of the table, is committee clerk, Grant Latimer. Now I would like-- we've-- several senators are not here. Well, three senators are introducing bills in other committees, so they will be late. But we do have our favorite senator at the end, if he would start by introducing himself.

[LAUGHTER]

KOLTERMAN: Senator Mark Kolterman, 24th District: Seward, York, and Polk Counties.

McCOLLISTER: The not-favorite Senator--

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[LAUGHTER]

McCOLLISTER: John McCollister from District 20 in Omaha.

LINEHAN: I like all of my Revenue Committee.

[LAUGHTER]

CRAWFORD: Good afternoon. Senator Sue Crawford, District 45 from Bellevue.

BRIESE: Tom Briese, District 41.

LINEHAN: Our pages today are Noa-- Erin, OK. Erin who is by herself; Erin from Lincoln, Nebraska. She is at Doane majoring in political science, law, politics, and society. Please remember that senators may come and go during our hearings as they may have bills to introduce in other committees, which we have three doing right now. Refrain from applause or other indications of support or opposition. I'd also like to remind our committee members to speak directly into the microphones. Also for our audience, the microphones in the room are not for amplification, but for recording purposes only. Lastly, we are an electronics-equipped committee and information is provided electronically as well as in paper form. Therefore, you may see committee members referencing information on their electronic devices. Be assured that your presence here today and your testimony are important to us and critical to our state government. With that, we will open the hearing on LB25 [SIC]. Welcome, Senator Bolz.

BOLZ: Thank you, Senator Linehan. I am Kate Bolz. That's K-a-t-e B-o-l-z and I am your favorite senator from District 29. [LAUGHTER]

LINEHAN: You are. [LAUGHTER]

BOLZ: LB1025 would establish a tax credit buyback program for Nebraska. The purpose of the bill is to buy back credits from companies participating in the Nebraska Advantage Program in order to decrease long-term liability. The 2013 Department of Revenue Tax Incentives Annual report section that I am passing out to you illustrates that in 2021, Nebraska will have over \$327 million in our cumulative tax credit balance. In previous years, Nebraska has experienced revenue volatility due to a large number of credits being claimed in a specific year. By buying back credits, we can better manage volatility and risk in the existing Nebraska Advantage Program. The program would offer 25 cents on the dollar for businesses that would take the opportunity to have the state buy back their credits.

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For some companies, a quicker influx of funds now may be more meaningful than a larger payout later. The credits must be earned, but as of yet, unused. And only companies willing to sell a minimum of \$50,000 will qualify to limit administrative burden and focus on larger dollar buybacks. The tax credit program would need to be established through this committee, through the Revenue Committee, and then funded through the Appropriations Committee in future years. The fiscal impact would be variable depending on interest and participation in the program. Certainly, overall viability would be reduced by buying back a smaller percentage of credits now, rather than paying out a larger percentage of credits later. I would note, in closing, that this recommendation is a recommendation of the Center for Regional Economic Competitiveness Report that was part of the Economic Development Task Force Committee Report two years ago and, and was one of the things that was recommended to us after vetting and research by the experts at that organization. So I'd be happy to answer any questions about LB1025.

LINEHAN: Thank you, Senator Bolz. Are there any questions from the committee? Senator McCollister.

McCOLLISTER: Thank you, Senator Bolz, for introducing this. When I served on the Incentive Committee, this was one of their ideas so I, I think it's a good idea. The only issue I have, I think, with it that it would give some kind of credit for credits that will never be claimed. How do we, how do we deal with that problem?

BOLZ: The bill may need additional specificity or, or technical changes, but the idea is that these are credits that are earned. So whether they're claimed now or claimed later, they presumably will be claimed. This just gives companies the opportunity if they have a strategic moment in time when they want to grow and they could use more money now to respond to a specific point in time for an economic plan. They could do that if that is good for their business model. So I don't-- the intention of the bill is not to buy back credits that have not been earned.

McCOLLISTER: I see. Is this working in other states?

BOLZ: It has and that's part of the Center for Regional Economic Competitiveness Report recommendation that it, it has been taken advantage of in other states. We've had some informal conversation with businesses that at least somewhat have some interest in it. If you have a moment in time where your business is taking off, you might want a quick influx of funds.

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LINEHAN: Thank you, Senator McCollister. Are there other questions from the committee? Seeing none, will you stay to close?

BOLZ: I'll stick around.

LINEHAN: Thank you. Proponents? Do we have any proponents?

CRAIG BECK: Good afternoon, Chairperson Linehan, members of the Revenue Committee. For the record, my name is Craig Beck, C-r-a-i-g B-e-c-k, and I am the fiscal analyst at OpenSky Policy Institute here today to testify in support of LB1025. Nebraska has a long history of providing business incentives and as the Legislature debates the state's third large incentive package in 30-plus years, it presents the perfect opportunity to consider LB1025. We support LB1025 for a few reasons. First, Nebraska Advantage is a significant liability to the state and should LB720 pass, the state would be leveraged well beyond historical levels with three active incentive programs. Second, LB1025 presents the opportunity for the Legislature to improve the fiscal health of the state, both now and into the future, by reining in tax incentive liability. And third, Nebraska's tax incentives have long tails, leaving the state liable for incentive payments well beyond the completion of a project. LB1025 would help mitigate some of that future liability. Through fiscal year '28 alone, the Department of Revenue projects that companies under Nebraska Advantage will use nearly \$1.6 billion in tax credits and sales and use tax refunds; an average of \$175 million per year. This is money the state will not collect. And according to the Performance Audit Committee, companies under Nebraska Advantage will be able to use more of their earned benefits compared to those under LB775 because they can use tax credits against their employees' state income tax withholding. This is the reason, as Senator Bolz mentioned, that the Center for Regional Economic Competitiveness recommended a tax credit buyout for the outstanding liability under Nebraska Advantage. Second, LB1025 would help ensure the fiscal health of the state. The addition of LB720 to the state's tax incentive portfolio would be expensive as it is projected to reduce state revenues by nearly \$1 billion through fiscal year '31. When combined with the liability of LB775 and Nebraska Advantage, projected revenue loss will exceed \$2.4 billion through fiscal year '28. Based on Department of Revenue numbers and the fiscal note for LB720, the state won't see revenue reductions from incentives dip below \$200 million per year through fiscal year '28. LB1025 is a timely and necessary bill to help buy down some of the state's substantial incentive liability. Finally, the design of Nebraska's tax incentive programs has been such that even when they sunset, they don't go away for a significant amount of time. Take LB775, for

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example, which ended in 2005, but has provided and will continue to provide tax credits until 2025. Nebraska Advantage may provide incentives until 2040 or 2050, depending on the tier. Research shows that companies value a dollar into the future at a significantly discounted rate compared to a dollar today and Nebraska's incentive programs have not adhered to that principle. LB1025 can help minimize the out-year fiscal impact in a way that is beneficial to businesses that choose to utilize the buyback option. If the body passes LB720 this year without buying down some of the state's nearly \$1.6 billion Nebraska Advantage liability, reductions to the state's revenues will become increasingly volatile, threatening services vital to Nebraskans and other priorities such as property tax relief. The passage of LB1025 would be a step in the right direction in reining in the state's incentive programs. With that, I'm happy to answer any questions. Thank you.

LINEHAN: Thank you. Are there any questions from the committee?

BRIESE: Thank you.

LINEHAN: Senator Briese.

BRIESE: Thank you, Chairman Linehan. Thank you for your testimony here today. Did you say some of the credits available under Nebraska Advantage we're going to extend out to 2040, 2050?

CRAIG BECK: There is the potential for that, yes.

BRIESE: OK, and a program like this-- how do we ensure that it's a win for our taxpayers? Kind of following up on Senator McCollister's question earlier, how do we ensure-- do our best to ensure that we're buying back credits that are going to be claimed eventually if we don't?

CRAIG BECK: Sure, so my answer to that is that the Performance Audit Committee released a report on the Nebraska Advantage Act. And through their discussions with the Department of Revenue, they determined that significantly more of the earned credits, under Nebraska Advantage, are going to be used. They estimate somewhere around 90 percent, perhaps more. And the reason for that is because Nebraska Advantage added the employee state income tax withholding component where the employers can use their tax credits against their employee withholding tax. So essentially, more of the credits-- most of the credits earned are going to be able to be used.

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BRIESE: But there is really no good way of ensuring that we're buying back credits that are going to be otherwise used?

CRAIG BECK: I mean, I think, based on the data that we have, that's as good as we can do.

BRIESE: OK, thanks.

CRAIG BECK: Sure.

LINEHAN: Thank you, Senator Briese. Are there other questions from the committee? Seeing none, thank you for being here. Are there other proponents? Any other proponents? Are there any opponents? Are there-- is there anyone wanting to testify in the-- oh, are you opponent or neutral?

JENNIFER CREAGER: Neutral.

LINEHAN: Neutral.

JENNIFER CREAGER: Chairman Linehan, members of the committee, I am Jennifer Creager, J-e-n-n-i-f-e-r C-r-e-a-g-e-r. I'm senior director for public policy of the Greater Chamber. I'm also testifying today for the Lincoln Chamber of Commerce and the Nebraska Chamber of Commerce & Industry. I'm here today to offer neutral testimony on LB1025. And honestly, the reason we're neutral is we have people all over the map on this. We have members who, I think, have an interest in doing something like this, whether they're sick of, sort of, administrative problems that they've encountered that they just want to cut their losses and be done. We have other people, I think, who want everything they've earned and not a penny less. And we have people that probably have exhausted their tax liability, frankly, as to Senator McCollister's point. And then we would be concerned that you'd be in the position of paying out credits that wouldn't be utilized anyway. We do understand that some are concerned, as Senator Bolz said, about the tail of current and earlier incentive programs. On paper, the value of outstanding incentive credits can look substantial. Historically, though, it's a fair assumption that all of the credits will not be utilized. Predicting that number is difficult. We just wanted to note that the buyback program would be at 25 percent of face value and that would be prorated downward if appropriations were insufficient. We have had some questions about whether a business could withdraw from a buyback application if the return was less than anticipated. And then finally, I would just say although the fiscal note, I think, is relatively smaller, smaller than I might have expected, there still remains the fact the Legislature would have to

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come up with some kind of pool of money to do this. And I think we know the conversations that are going on. I'm just not sure if that kind of pool of money exists. So other than that, I can take any questions you have.

LINEHAN: Thank you. Are there any questions from the committee? Seeing none--

JENNIFER CREAGER: Thank you.

LINEHAN: Thank you very much. Are there any others willing to or wanting to testify in a neutral position? Senator Bolz, would you like to close? We have no records-- no letters for the record.

BOLZ: I just wanted to respond to a few of the questions that came up in the hearing. The first is that this would be established as an optional program. So any business with a concern that they wouldn't get every penny to which they are owed would not have to participate in this program in any way, shape, or form. To address your question. Senator Briese, there might be additional language that we could add, but to be clear, the idea is that those credits that are earned, but unused would be the only credits that could be applied for the buyback program. So it's 25 cents now or \$1 later, but one way or another, it would be spent out. One, one technical change that might address that concern, Senator Briese, would be to say that the buyback program would not apply to a credit that is earned that would not be able to be drawn down within the allowable timeframe. So if, if you were claiming your credit too late, that, that doesn't mean that we still owe you a percentage of that credit. To the questions about the proration and withdrawing an application, certainly, that could be added to the language. It could be the way that the Department of Revenue administers the program or we could make the mechanism a little bit different and say that the-- that it's first come, first serve. So any business who comes in line first may claim as much of the buyback as they are eligible for. And I think that there's maybe some rationale to that. It may not spread the buyback opportunity very broadly, but it would still achieve the goal of this bill, which is drawing down our overall liability. And the last thing I wanted to address is the, the kind of question about whether or not this program would be the right use of resources at the right time. I, I think-- the way I think about it, it's either-- there are some circumstances in which it's either going to be 25 cents now or \$1 later. And so from a liability perspective, that makes sense to me. I would also share the observation that because of the nature of this program, it would be one-time dollars. It would not be ongoing dollars. So it would be most appropriate for the Appropriations Committee to take a look at

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the, the solvency of the rainy day fund. And if the rainy day fund were healthy, that might be the best set of circumstance in which we, we put allocations of dollars into the buyback program. We do that with other economic development programs like, for example, the Customized Job Training Program and the Business Insight Development Fund, that when we can allocate, we do allocate. I've talked a lot. In closing, that summarizes my thoughts on LB1025.

LINEHAN: Thank you, Senator Bolz. Are there questions from the committee? Senator McCollister.

McCOLLISTER: Yes, thank you, Madam Chair. Section 2-- I think it's line 31 on page 2-- refers to the \$5 million that you just mentioned; first come, first serve. But the provision in the bill talks about some kind of proportional reduction, rather than a first come, first served kind of process.

BOLZ: Yes, yes, Senator. That's exactly what I was saying, was-- the, the mechanism could be proportional or we could change the language to make it first come, first serve. I was proposing the first come, first serve as an option or an alternative.

McCOLLISTER: Thank you.

LINEHAN: Thank you, Senator McCollister. Other questions from the committee? Seeing none, thank you very much for being here.

BOLZ: Thank you.

LINEHAN: And with that, we'll close the hearing on LB1025 and open the hearing on LB1045. Good afternoon.

BRANDT: Good afternoon, Chairperson Linehan and members of the Revenue Committee. I am Senator Tom Brandt, T-o-m B-r-a-n-d-t. I represent Legislative District 32: Fillmore, Thayer, Jefferson, Saline, and southwestern Lancaster Counties. Today I am introducing LB1045, the Taxpayer Transparency Act. No matter where you stand on economic incentives, everybody should be for transparency when it comes to how our tax dollars are being spent. Our incentive and other economic development programs fail in that regard. Incentive deals should be transparent so that lawmakers and the taxpayers they represent can hold companies accountable in exchange for the money they receive. Despite the fact that thousands of companies qualifying claim millions of dollars per year due to incentives, little is known about them or their effectiveness. Even though companies are keeping revenue that would otherwise pay for services benefiting all taxpayers, how much

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they get and how they are used is largely considered confidential. The public deserves to know what's-- when specific companies are exempt from paying taxes since these forgone funds shift the cost of paying for services onto a smaller tax base. The lack of transparency surrounding these credits also hurts our ability, as policymakers, to enact good public policy by denying us the information we need to know if these incentives are the best use of these dollars. According to the 2019 Nebraska Advantage performance audit report, the estimated cost per new FTE per year ranges from \$5,159 to \$208,559. Opponents of this bill will state that a private business' information should not be disclosed for proprietary reasons. However, no company is forced to take public dollars. Accepting a certain amount of lost confidentiality is a reasonable tradeoff for public money. Until we become more transparent regarding corporate tax credits, it will, it will remain difficult for us, as lawmakers, to determine if these programs deliver sufficient value to the state at large and not just the reward of companies. Here is the reporting that LB1045 would require and this will be broken into about seven different segments. The first segment; individual company reporting every year. Currently under Nebraska Advantage and as is proposed in Nebraska Imagine, company-specific benefits are reported on an aggregated two-year basis. This means that one total for benefits received-- a combination of tax credits, direct sales, and use tax refund, excluding property tax abatements-- are reported in one number every two years. Under LB1045, it would require a yearly breakdown of credits earned/used by type; investment and compensation in direct sales and use tax refunds for each participating entity. LB1045 would also require that the amount of withholding credit used be disclosed by company because the withholding provision allows companies to keep their employees' state income tax. The second element: the property tax abated by company. Currently under Nebraska Advantage and as would be in Imagine, only the total buy property eligible for property tax exemption is reported. LB1045 would require reporting of the actual property tax abated by location for projects within multiple locations. Number three: participation in other state economic development or tax incentive programs. Neither under Nebraska Advantage, nor under that would-be Imagine Act does the state require disclosure of participation in other state economic development or tax incentive programs. As we found in a 2016 legislative performance audit, 35 participating companies received nearly \$15 million from the Department of Economic Development administered programs and 46 participating companies received nearly \$550 million from the Department of Revenue administered programs. LB1045 would require disclosure of participation in other state economic development or tax incentive programs. Number four: actual jobs and investment added.

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LB1045 would require each company's new investment and job creation for which they receive tax incentives to be reported. Nebraska Advantage does not do this and taxpayers have no idea what activity they are subsidizing. Number five: aggregate totals of tax incentives by program and by company for all programs. Currently Nebraska Advantage and LB720, as written, and AM2207 only require the tax credits distributed and sales tax refunds approved for a company on a two-year basis; one number with all credits and refunds approved over a two-year period as all taxpayers can see. They also do not require the total amount of incentives received under the program, to date, to be reported by company, which omits significant detail. LB1045 would require all benefits to be totaled each year, to date, by company, including total benefits by program. Plus, it would require a yearly aggregate by company of all incentive programs, giving taxpayers a much better idea of what companies are getting. Number six: any, any recapture owed by the taxpayer and recapture paid. LB1045 would require the posting of information about recapture and whether or not a project owes any or paid any. And finally, number seven: the year and phase that each agreement is in. If LB720 passes, we forego over \$2 billion in revenue on incentives over the next decade. Our taxpayers have a right to know how these dollars are being spent. And with that, I will gladly answer any questions that you may have.

LINEHAN: Thank you. Are there questions from the committee? Senator Friesen.

FRIESEN: Thank you, Chairwoman Linehan. So when you researched this a little bit, did you feel that there'd been any risk of confidential information being released that could-- somebody could use against the company down the road for competitive reasons or is-- should it all be totally transparent?

BRANDT: Well, I think it needs to be transparent to the point that this, this bill is asking for. This is not asking for much. I can tell you, as a farmer-- and several of you on this committee know this-- if you have received any money from the FSA Agency in Nebraska since 1995, it's on the Internet. And the concept was that public funds are, are being applied for by an individual. If I don't want to use Farm Service Agency dollars, I do not have to participate in that program. But because I choose to, I also know that that information is out there for somebody to see. This is absolutely no different. If an industry or a company or whatever wants to apply for these dollars, go for it. We want them to do that. I mean, it, it seems like a very small price to pay in exchange for what they will receive. I mean, if

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you're going to get subsidized to the tune of \$208,000 per job, sign me up.

FRIESEN: Thank you, Senator Brandt.

LINEHAN: Thank you, Senator Friesen. Are there other questions from the committee?

McCOLLISTER: Yeah.

LINEHAN: Oh, sorry, Senator McCollister.

McCOLLISTER: Thank you, Madam Chair. Thank you. I've had a couple of transparency bills in previous years as well, but companies have always resisted company-specific information. They prefer aggregate kinds of numbers. Have you talked to the, the Chambers of Commerce to determine what they're feeling on some of, some of this?

BRANDT: No, I have not, no.

McCOLLISTER: Well, perhaps we will hear it.

BRANDT: OK, yep.

LINEHAN: Thank you, Senator McCollister. Other questions from the committee? Seeing none, thank you very much for being here.

BRANDT: Thank you.

LINEHAN: Proponents? Are there any proponents?

CRAIG BECK: Good afternoon, Chairperson Linehan, members of the Revenue Committee. For the record, my name is Craig Beck and I'm-- C-r-a-i-g B-e-c-k and I am a fiscal analyst at OpenSky Policy Institute testifying today in support of LB1045. Each year, Nebraska authorizes hundreds of millions of dollars in tax incentives and taxpayers deserve to know how those dollars are being utilized. LB1045 would be a step in the right direction by bringing more transparency into tax incentive policy while also helping the Legislature collect yearly data on key metrics. Currently, a gap exists between the information provided about state tax incentives and other state appropriations. Nebraskans have come to expect transparency and accountability from government and more information is available about the state's General Fund appropriations compared to tax incentives. This is evidenced by the ample sources of information published about how the Legislature appropriates the state's General Fund. Taxpayers can review how money is allocated among state agencies for operations,

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construction, and government aid. Taxpayers can also see state agency outlays in detail by reviewing reports published by state accounting, including the annual budgetary report and monthly fund summary reports. This level of detail is not available for the state's incentive programs. Take Nebraska Advantage, for example, which provides little information about specific companies that receive incentives and LB720 largely mirrors it. In Nebraska Advantage, information about benefits directly distributed to a company is limited to their name, location, and a two-year sum of the tax credits used and sales taxes refunded. No additional company-specific information is reported, including information about personal property taxes abated. The finite nature of this reporting provides little detail about the activities being subsidized. As an example, it was not until the 2016 Performance Audit Committee report on Nebraska Advantage that showed 64 percent of all benefits earned were from investment. While not making a value judgment as to whether good or bad, this information would never have been available but for the committee's report and they only evaluate incentives once every five years on an aggregate program-wide basis. LB1045, however, would give more real-time analysis of the program by providing data yearly on a granular, company-specific level. The new data would help policymakers form a foundation to make impartial observations as to whether the programs are meeting legislative goals. Just like the state reviews its appropriations on a two-year cycle, LB1045 would provide detailed feedback more often so that policymakers can make better-informed decisions about the state's incentive programs. LB1045 has several aspects that would add transparency and accountability to these programs. First, it would provide yearly detail about a company's incentive, payments, and the activity that generated those payments. Second, it would provide aggregate information about the project showing how much in incentive payments the company had received to date. Finally, it would show the total historical state subsidies provided to a company by listing an aggregate amount from all state incentive programs over time. I distributed a handout that shows how transparency would differ in LB1045 from what is currently reported. The proposal before you today would put tax incentives in-line with other state appropriations, which are reviewed every budget cycle. Tax incentives are a form of state spending. But unlike the state's General Fund appropriations, there is often little detail for which they are given. Money spent through the tax code may be a different form, but it is spending and must be made up through taxes levied on the remaining taxpayers. LB1045 would shed light onto the state's tax incentives and we fully support more accountability and transparency. For those reasons, we urge your support of LB1045. And with that, I'm happy to answer any questions. Thank you.

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LINEHAN: Thank you. Are there questions from the committee? Senator Briese.

BRIESE: Thank you, Chairman Linehan. Thank you for your testimony again. How does this bill compare to other states' transparency provisions?

CRAIG BECK: Sure, so over about the last, I'd, say five, ten years, there has been a significant push on a nationwide level for more evaluation and transparency in tax incentives. This bill would, would, you know, put Nebraska in-line, I would say, with other states in the nation that, that have increased the transparency and evaluation of their incentive programs.

BRIESE: So there are other states that require similar information of their--

CRAIG BECK: As far as exactly similar information, I, I can't answer that. I could, I could look into that and let you know, Senator.

BRIESE: Thank you.

LINEHAN: Thank you, Senator Briese. Are there other questions from the committee? Senator McCollister.

McCOLLISTER: Yeah, thank you, Madam Chair. I recall an index that graded states on their transparency. Do you have a recent rating on Nebraska-- how we compare with other states?

CRAIG BECK: Are you potentially referring to the Pew Charitable Trusts report? I don't know, Senator. I don't know about the more recent, but if I am recalling the same report, I don't know our exact grade, but I-- it wasn't great.

McCOLLISTER: It was a letter grade and, and we worked with Treasurer Stenberg and we, we improved our rating a couple of years ago.

CRAIG BECK: OK.

McCOLLISTER: And we were in pretty good shape then, but I'm sure this would improve our rating even further.

CRAIG BECK: OK.

McCOLLISTER: Thank you.

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LINEHAN: Thank you, Senator McCollister. Are there other questions from the committee? Seeing none, thank you very much. Are there other proponents?

JOHN HANSEN: Madam Chairman, members of the Revenue Committee, for the record, my name is John Hansen, J-o-h-n, Hansen, H-a-n-s-e-n. I'm the president of Nebraska Farmers Union. For those folks who have been following incentives-- business incentives-- for any length of time, my name has certainly been out there in a very public way for well over 30 years. And one of the things that I've been raising on behalf of my organization is that if you're, if you're going to get the benefit of public subsidies and you are a corporation and you are taking public dollars, a part of the bargain is, just like it is for most other things, there ought to be transparency. And as a parent and as also a former public official for 14 years, one of the things that you learn very quickly in life is that there is nothing in life that causes more suspicion faster or sooner than a closed door. It just absolutely-- one follows the other. And so whether there is anything inappropriate or not going on behind closed doors-- but when you don't have transparency, there is always that suspicion that there must be something going on that shouldn't because if there weren't, then why don't we know about it? So transparency, if you want the public to continue to support business incentive programs-- and so as you look at the list of things that are covered, we're covering renewable energy, which I have a big interest in. We're covering the Beginning Farmer tax credits, which I have a big interest in. And I think if it's good for the goose, it should be good for the gander. And so even though there's a lot of things that we're interested in that will be covered by this, we say, good, that's the tradeoff. And so when, when you look at, you know, the track record of our business incentive programs, we got about three-fourths of the folks who take public money that comes to our state, that would have come to our state, in all likelihood, whether we gave them the money or not. So if you have a proposition on the table that says, look, you know, if you want these benefits, then we're going to make sure that the public knows that you've got them. And if they don't want those monies and say, no, we, we are not good with that part of the bargain, we just saved some money because they didn't really need it in the first place. But if you're a company and you actually really need them, you're going to accept that tradeoff. But it ought to be up to the entity that secures the funding and grants the, the, the incentives that ought to be setting the standards for what the standard for transparency is. It should not be the companies. And the companies, to date, have been running the show in terms of how much and how they want to gather what data. And so I think that this is a positive step forward. I think

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it's part of the bargain. And as Senator Brandt brought up, we've certainly-- in agriculture, it doesn't take very long, if you know how to get to Google, to find out how much money a farmer gets in conservation cost-share programs or economic incentive programs from the federal government if you participate in federal farm programs. And so, again, that's part of the tradeoff. So I see this as commonsense transparency and I would also say that if you think about it, it's consistent with the way that we do public business, generally, in the state of Nebraska. We have the accountability and disclosure for campaigns. We have the open meetings laws that we follow as public officials. We keep the doors open. And so whatever inconvenience that may cause us, at the end of the day, the ultimate benefit by having the open door and doing our business out in the open where people can see it and participate is well worth the benefit. And there is few things in life that cause more disinfected benefit than a little sunlight. With that, I would end my remarks.

LINEHAN: Thank you very much, Mr. Hansen. Are there questions from the committee? Seeing none, thank you very much for being here.

JOHN HANSEN: Thank you.

LINEHAN: Are there other proponents? Are there any opponents? Anyone wishing to testify in the neutral position? Seeing none, would you like to close, Senator Brandt?

BRANDT: You realize I'm going to have to go back to Judiciary?

[LAUGHTER]

LINEHAN: Well, we won't tell.

WAYNE: Take your time.

[LAUGHTER]

LINEHAN: What's up in Judiciary today?

BRANDT: It's a packed house. They're all over there, come on over. It's standing room only. This morning on the floor, we had testimony concerning transparency in bidding. And I know some of you participated in that. And before I was a farmer, I worked in industry for eight years in engineering. And part of my job was to write bid documents and we got three bids on everything that we did. And I guess I bring that point up to show that we expect transparency in a lot of things; in, in business, in private industry, in public government.

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And before I became a senator, you know, I really expect to know where my money is going as a taxpayer. If our incentive program is going to use 3 percent of all the state revenues and the best that I can get is that this company, every two years, gives me a lump sum of what they claimed in tax credits-- but we don't know where those tax credits came from. Particularly, if it affects our local county governments-- you know, on these property tax and personal property tax-- you know, that's a big hit for, for, you know, a local government agency. So, you know, that's the reason that I was willing to bring this bill. I'm not under any illusion that, you know, this may go forward, but at least it has its day in court and this is the court. You know, I don't know what anybody would have to hide. If you're applying for public funds and there's an effort out there, I don't know, on SNAP benefits and people have to disclose that on the lowest level-- if we do that in the lowest level of our society, we should expect the same at the highest level also, you know? And we want to encourage companies to come here. And if part of the bargain is that you're going to get-- you qualify underneath this tier or this level of the Nebraska Advantage or the Imagine Act or LB775-- if we're going to give you retention money not to leave the state of Nebraska, particularly that, there's a, there's a responsibility to tell the taxpayers that we're doing this. And if you don't take public money, you shouldn't be afraid to be tried in the court of public opinion. And basically, that's what they're trying to avoid. They don't want to have to disclose that for fear of what [SIC] the public may view that. That's my personal opinion. I have no scientific evidence to back that up. So, yeah, that's my close; that's why I brought the bill. Any questions?

LINEHAN: Thank you. Are there any questions from the committee?

BRANDT: All right, thank you.

LINEHAN: Seeing none, thank you.

BRANDT: Yep.

LINEHAN: Oh, I'm sorry. Letter for the record.

BRANDT: We've got letters?

LINEHAN: I do. Letters for the record; Shawn Renner, Cline Williams Wright Johnson & Oldfather. Opponents: Kristen Hassebrook, Greater Chamber of Commerce & Industry; Jennifer Creager, Greater Omaha Chamber; Bruce Bohrer, Lincoln Chamber. Neutral, none.

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BRANDT: OK.

LINEHAN: OK. With that, we close the hearing on LB1045.

BRANDT: Thank you.

LINEHAN: Thank you very much. And we open the hearing on LB1179. Good afternoon.

WAYNE: Good afternoon, Chairwoman Linehan and the Revenue Committee, My name is Justin Wayne, J-u-s-t-i-n W-a-y-n-e, and I represent the Legislative District 13, which is north Omaha in northeast Douglas County. LB1179 would adopt the Imagine Small Business Urban Revitalization Act. That is a long name, but the bill is, is really short when it comes to what we want to do. This bill has been in creation for the last four years. Part of it was me just trying to figure out what all incentive acts we had. And thanks to Senator Kolterman, there's been a lot of PowerPoints on all of our incentives, so I've been able to figure out all the incentives that we have. And so I thought this year would be the year to launch it and to piggyback off of Senator Kolterman. This is not a competition with Senator Kolterman. I think it supplements or supplements what we do in Nebraska. The goal for this was to create a small business tax incentive program to incentivize small businesses to create jobs and invest in, in development in areas of economic redevelopment, areas known as ERAs, throughout Nebraska. The program will utilize tax credits to help Nebraska small businesses grow and create additional economic opportunities through revitalization areas and again, ERAs. The, the handout you have-- and I'm going to walk through the handout because bill drafting and I were a little confused. The original bill applies also to first, second-- primary class, first and second class, and that wasn't the intent. So this little handy spreadsheet is what the amended bill, which is currently being drafted--again, bill drafting and I had fun this year-- to what we're trying to do. And basically what we are trying to do is take the Nebraska Advantage Rural Development Act and do the exact same thing for Omaha and Lincoln. So it will only apply, underneath the amended version, to economically redeveloped areas, which I'll tell you what that is, but it's not in the white-- not in the copy before you. These areas are basically-- we took the extremely blighted that we passed years ago, two years ago, and we expanded it to 150 percent average-- 150 percent of the average unemployment rate and also 20 percent poverty rate. So we are talking about the areas that are hit the hardest. And if you look at the Omaha map, you'll see it's pretty much north and south Omaha, east of 72nd. And what we are trying to do is figure out how to create things. And so when I looked at the Nebraska Advantage Rural

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Development Act, I thought it was very limited in the sense of what it could do, but also scope-wise, level one, level two apply to specific populations and that's where I came up with the ERA. So basically, what it will do is, and I'll walk through it real quickly, is if you have-- create five jobs or it's a \$250,000 investment, you will get a tax credit. And that tax credit is, is towards the bottom; where you would get \$3,000 for each new FTE earning a certain wage and that certain wage is \$14/hour. I did not include health benefits. I think that is a mistake on any incentive at this point. While I agree with the goal of adding health packages to it, we aren't there yet for north Omaha. To incentivize north Omaha to create jobs with health packages included may be a bit too far of a bigger step. A good \$14 to \$16, \$18/hour job to start is where we started in the construction industry and many service areas. They're great. If we can do it with health benefit packages, that's great. But we're just not at that level to where you can just incentivize and mandate health packages. I think we're missing a lot of gap there so this tries to fill that gap by saying a minimum of \$14/hour. But the other thing we have in north Omaha, which is different in south Omaha-- so if you haven't been there, if you get on 24th Street and Dodge, you have Creighton to the, to the north of you and buildings to the left of you. Once you pass Cuming Street, going to north of Dodge, you have a lot of empty parcels. You can't really develop on them because they're just parcels. There's just one or one or two block areas, not deep wide where you can put a building. What's different in south Omaha and why you see South Omaha, from 24th and F all the way to Q, a vibrant community, is they have buildings. So if I want to start a t-shirt company or I want to start a mom-and-pop restaurant or I want to start a small light manufacturing, I can just go lease space at an affordable rate and start something from a small business perspective. We don't have the infrastructure in north Omaha to do that. A lot of it goes back to 1966, since 1969. There were riots during that time in north Omaha; burned down a lot of facilities. They've never been rebuilt. So the second part of the economic modernization is if somebody wants to just invest \$50,000-- and what I mean by that is that they want to invest in infrastructure. If they want to invest in a building, but don't want to have to worry about trying to hire people, they want to build the infrastructure, well, we're willing to, to provide incentive for that too-- in a 10 percent on your net investment, capped at a 10 percent on an investment. So we're trying to build out that infrastructure for those small retail-- particularly on 24th Street. I can say the same thing on 30th Street. I could pick 16th Street. We all have one or two parcels that are just sitting there that you can't really scale to develop and so we're trying to incentivize small businesses. That's why it's a small business act.

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It's a \$500 fee. It follows almost identical to the Nebraska Advantage Rural Development Act. Ours is \$5 million dollars, the Nebraska Advantage Act is \$2 million. I'm willing to do \$2 million, but what I'm trying to do in this body, and if I'm lucky enough to get reelected, is eliminate the rural and urban divide. And you do that by putting programs, tax incentives, sales tax exemptions that work for each person. Senator Friesen and I have had many conversations about farming equipment sales tax exemption. Well, if I'm a small business in north Omaha, I'm no different than the small farmer in western Nebraska. The same struggles are there. We just got to incentivize them slightly differently, but it's still the same struggles. And so what we're trying to do with this package-- to put together a small package that works for small businesses in north Omaha, south Omaha, and parts of Lincoln. I don't have the money to extend it to across Nebraska, but we are looking at how to do it, you know, a feasible way to incentivize small businesses. I just want to take a, a small second to talk about the fiscal note. While I understand it's a \$5 million cap, again, I'm, I'm open into going along with that. And while I really, really like the new director, Tony, I just think we have to go back and revisit this fiscal note. One-- and maybe it's because it was written to go all over the state-- but with the amendment, one, they're requesting a car, a \$60,000 car. If this is limited to Omaha and Lincoln, I don't see a need for a car. I mean, I make the trip every day. And you can lease a car for a lot less than that. Two, they're asking for attorneys. They're asking for a couple of other things. And I recognize this is a new program. The reason I put them, DED, is because Senator Kolterman's LB720 has DED. So I think some of that, when Senator Kolterman's bill passes along with this bill somehow passes, that'll be some shared cost because they're very similar programs. I, I did look up similar programs when they were going to Department of Revenue and it was substantially less. And the reason they're substantially less is they already have attorneys. They already have-- I think DED only has one attorney. So that's part of the cost that I think will be shared if they have the ability and the attorneys underneath LB720. So I'm, I'm really not concerned too much with the fiscal note. Otherwise, I'll be more happy to move it back over to Department of Revenue, who already has most of those personnel and who actually still administers the Nebraska Advantage or Rural Development Act, which the fiscal note is nowhere near as high when I look at that bill when it was passed as this one. So I think I understand what DED is doing. There will be a new program, they don't have the attorneys, they don't have the staff, but if LB720 or when LB720 passes, I think there will be a lot of bleed over to where that fiscal note won't be as high. Again, the purpose of this is what's good for rural, I think is good for urban, but it just has to be done

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differently. While livestock might not be today what they needed back when this was passed, it was clearly an industry that was needed. And what we need in north Omaha is any jobs that pay at \$14, \$15 an hour. But we also need that infrastructure piece. We need buildings that you can lease. We need warehouses that you can lease that, that can be used. We just don't have that. So I think this is a bill that will fundamentally change north Omaha and it is part of my overall strategy for north Omaha. This with the HUB bill and the African-American Commission are, like, the three bills that I think, this year, will make a huge impact in north Omaha. And with that, I will answer any questions.

LINEHAN: Thank you, Senator Wayne. Senator Lindstrom.

LINDSTROM: Thank you, Chairwoman Linehan. Thanks for bringing the bill, Senator Wayne. And I was kind of looking at the maps and then I was just kind of wanting to get at here, looking at opportunity zones, how, how much overlap-- I'm assuming-- on the map there's a lot of overlap opportunity zones. Does, does your bill complement that and how-- maybe speak on that; how this bill complements some of that also how often has the opportunity zone conversation come up in--

WAYNE: Great question. So last year we did LB87, which was a part of LB86 that we ended up merging together, which moved-- if you have an opportunity zone project, it moves it up to a grant process, as far as if you're doing something with affordable housing or there's four categories and I can email you that later because I don't remember the bill exactly, but we matched them. The reason we chose the ERAs over extremely blighted is because what we found out in extremely blighted-- after the city of Omaha designated theirs and Lincoln, part of Lincoln, and we went back and broke down the, the census tracts, it's mainly housing where the extremely blighted meets. And you think of the definition, 200 percent unemployment rate and 20 percent poverty, we're talking about people. And that was just a miscalculation two years ago on our part, on my part. So it became a lot of residential, which left out the opportunity zones. So if you look at the map for Omaha, opportunity zones are all included in this red, except for west of where you see-- if you look at a census tract 2, 3, 6, 7, 11, 16, that right there is, is where that opportunity zone stops. So all the opportunity zones are included. So this would match perfectly with the opportunity zone and that's part of the reason why we went to 150 percent of the unemployment rate and still kept the 20 percent poverty so we can incorporate more industrial areas for jobs. So it would match perfectly. And if you put it together-- think about it, you build a building for ten years and you

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lease it out, you don't pay capital gains tax on it, at the same time, if that building is \$1 million you're getting at, maybe at 10 percent, maybe put a different net on it. But you're also getting a state tax break. We're talking-- maybe we can have real development around north Omaha.

LINDSTROM: Thank you.

LINEHAN: Thank you, Senator Lindstrom. Are there other questions from the committee? Seeing none, thank you very much. Are there proponents?

WAYNE: And I will stay for closing and any other bill you have today.

[LAUGHTER]

LINEHAN: Proponents?

MICHAEL J. O'HARA: Senator Linehan, members of the committee, I am Michael J. O'Hara, M-i-c-h-a-e-l, middle initial, J, O'Hara, O-'-H-a-r-a. I represent the Nebraska Sierra Club and we support LB1179. The Sierra Club is concerned with the physical environment, but we've been having an expanding interest, and it includes social equity, about how you use the physical environment and that makes us doubly interested in this bill. We don't take a position on business incentives per se, that's not our particular concern, although our generic experiences-- the politically-acceptable subsidies, all too often, start market efforts to rein in excessive consumption of our limited natural systems. Urban sprawl, obviously, is a concern in the Sierra Club and sprawl needlessly consumes vast quantities of agricultural land and the associated neighboring wildlife habitat. Sprawl needlessly increases property taxes to pay for building of transportation, water delivery, and sewage disposal infrastructure. And we do note that concrete, one of the most frequent human products, is one of the most frequent producers of greenhouse gas emissions in quantity and frequency. Sprawl also prices out of housing need in our society and the missing middle needs to be addressed and this bill helps do that. Also, revitalizing the urban core reduces urban sprawl and reduces property taxes so we support this bill. If you have any questions, I'd be glad to answer them.

LINEHAN: Thank you, sir. Are there any questions from the committee? Seeing none, thank you very much for being here.

MICHAEL J. O'HARA: Thank you.

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LINEHAN: Are there other proponents? Are there any opponents? Is there anyone wanting to testify in a neutral position? Senator Wayne-- check the letters; there were none.

WAYNE: I'm here to answer any questions. Please don't be afraid.

[LAUGHTER]

WAYNE: It's a long day in Judiciary.

[LAUGHTER]

WAYNE: We can sit here in pause, that's fine.

[LAUGHTER]

LINEHAN: I'm trying to think of something. Oh, I'm sorry. I'm sorry, Senator Crawford.

CRAWFORD: Thank you, Chairwoman Linehan and thank you, Senator Wayne, for being here for answering questions. So I think-- I wonder if you would speak to the, the wage? I think one of the, you know, one of the issues that we've been addressing is trying to make sure if we are providing business incentives, that people are paid a living wage.

WAYNE: So we-- a group of us who have been working on this keep going back and forth on incentives in general, regarding wages. And so the starting wage for most of the light manufacturing jobs in the area where this will impact is anywhere from \$12 to \$14/hour. Theoretically, let's say a company comes in paying \$16. We don't have the workforce if all those move. So one of the biggest concerns that I had are the people in my district that have businesses-- is that if the Costco plant opened in Fremont and it was Highway 30, 26, 36-- it's a straight shot-- how-- would we lose our employees? And so they eventually bumped it up a little bit. The issue is that initial startup costs \$18, \$19/hr a person. I don't see the job that we're trying to create doing that. We were-- we're trying to focus on small businesses. We look at them as less than 20 people, typically service jobs, and we didn't want to put a requirement for a living wage or a health benefit package because I just don't know if that's feasible in the area we are. That, that is-- yeah, in the area we are, I just don't know if it's feasible. It might be too much to reach when we're just trying to get jobs and get businesses there. I didn't want to try to put a cap on it. And so it's a, it's an ongoing debate in a, a circle that I'm in on, on LB720, too, and other bills, just trying to figure out what's the floor, but how do you make sure that floor is

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not so high that companies won't come? And we're looking at more startup companies as part of it, but we just can't afford it. I mean, so my construction company, for example, we don't have benefits at this point. In order for me to compete, I don't have the scale. I have eight employees full time, but to compete against some of these major companies who have that, I don't have the scale to move around people. We'll have dead days where I can't move people around fast enough because another job maybe is not starting and I don't, I don't have that many jobs that I can just throw them somewhere else. So that one or two days off, if I were still having to pay them or pay benefits on top of that, I wouldn't be in business. I mean, I hope one day to get there, but my guys are also making \$19, \$20/hr. So I don't pay at \$14/hour, but there are a lot of companies in north Omaha who do and I don't want to push them out either.

CRAWFORD: So are you anticipating-- or does it clarify that these are full-time jobs?

WAYNE: They're new full-time jobs. So the amendment that we have-- it's not before you, but it's in the bill right now, that there are new-- five new full-time jobs, but there is the possibility to just do an investment. So if you just want to build a building for \$200,000, we will still give you a tax break underneath this bill or a tax credit because there's such a big infrastructure need in north Omaha. We just don't have commercial space. And I'm not talking, like, super, grade-A, beautiful offices. We don't have that either, but we just don't have places for mom-and-pops to just say, you know what, I want to start a company. We, we just don't have it. And in fact, one of our most successful businesses, who started North Teleservices [SIC], they employ 300 people. And the problem we're having right now is I don't want them to move out of north Omaha due to the space issue because a lot of the people they employ live within a mile of their, of their, of their job. And so that goes back to a public bus transportation system, but whatever. Yeah, we have a, we have a huge space problem in north Omaha as far as just warehouse space, commercial space, we don't have it.

LINEHAN: Thank you, Senator Crawford.

CRAWFORD: Thank you. Yes, thanks.

LINEHAN: Other questions from the committee? Senator Friesen.

FRIESEN: Thank you, Chairwoman Linehan. So you're saying you have vacant buildings that need to be cleaned up and something new put up?

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WAYNE: Correct.

FRIESEN: Usable?

WAYNE: Correct and not just vacant buildings, we just have one or two lots that are just parcels that--

FRIESEN: So there's, there's a potential building site there that's already got street, sewer, and water access to it. You're not expanding outside. You're just renovating, basically, and you can logically use TIF funding there plus give them a tax credit so they can come in there and put a building and--

WAYNE: Correct.

FRIESEN: --do it fairly cheap?

WAYNE: Correct. So it's a part of the problem with TIF and part of the problem with the extremely blighted is first, the city has to designate it and the city of Omaha has taken the position that we don't designate areas that aren't blighted, unless a developer or somebody comes to us first. Now for north Omaha, all of it's already considered substandard and blighted so that's already taken care of. The issue is-- very directly is 72nd and Pacific. The City of Omaha is going to TIF the old Shark Club, which is an old hotel. OK, that's on 72nd and Pacific. So if you're a business person and you want to do a business and you need 2,000 square feet, 3,000 square feet, do you go to Shark Club where you can get TIF or do you go to north Omaha, where you know your insurance, your commercial insurance is going to be higher because the zip code, because of some of the areas, and you got a different set of risk? And so what we're trying to figure out and what this bill is trying to do is offset that risk because the fact of the matter is, as far as TIF, you can get the same TIF package on 108th and Q than you can in north Omaha.

FRIESEN: So until you get something started, that will spawn more development--

WAYNE: Correct.

FRIESEN: --to build on?

WAYNE: Correct. So we're trying to get businesses there to start and then hopefully, it grows. But the reality is our insurance costs are higher, our general liability is higher, and then there's just a different risk. I mean, I think it's safe to say when we walk out of

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here at night, there's-- in downtown Lincoln, there's still a sheriff sitting outside and making sure we get there OK, right? I mean, you walk downtown in north Omaha, there's a different risk that is true; that some people don't feel like I can go work down there and we've got to change that. And the only way we can do that is to offset that cost somehow and that risk somehow. And that's what we're trying to do.

FRIESEN: OK, thank you.

LINEHAN: Thank you, Senator Friesen. Are there other questions from the committee? Seeing none--

WAYNE: Thank you.

LINEHAN: --thank you very much. With that, we will close the hearing on LB1179 and open the hearing on LB1034.

FRIESEN: Thank you, Chairman Linehan and members of the Revenue Committee. My name is Curt Friesen, C-u-r-t F-r-i-e-s-e-n. I represent the 34th Legislative District in the Nebraska Legislature. I'm here today to present LB1034. All LB1034 does, basically, is extend the sunset date of the Nebraska Advantage Act from December 31, 2020 to December 31, 2021. And it removes the three and four percent employment credit for wages that are 60 percent of the Nebraska average annual wage and 80 percent of the Nebraska annual wage tiers for one through four and applies a five percent credit instead. LB1034 has no fiscal impact. And the reason for proposing this at all is that if we don't reach a conclusion on the new Imagine Act, we at least have something to fall back on. So I've always said that I didn't think we should ever go forward without some sort of package. So this is, at least, a place we can start.

LINEHAN: Thank you, Senator Friesen. Are the questions from the committee? Seeing none, thank you. Are there proponents? Are there opponents? Anyone testing [SIC] in the neutral position?

JENNIFER CREAGER: Chairman Linehan and members of the committee, again, I'm Jennifer Creager, J-e-n-n-i-f-e-r C-r-e-a-g-e-r, senior director of public policy at Greater Omaha Chamber. I'm also here today-- we have the Lincoln Chamber of Commerce and the Nebraska Chamber of Commerce & Industry to offer neutral testimony on LB1034. Senator Friesen and I talked about this. He doesn't want to make a big thing of it, so I promised I wouldn't make a big thing of it. Our first priority is to pass LB720 and it is our expectation that that will happen by the end of this session, along with a substantial

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property tax bill. However, we agree with Senator Friesen that the state should not be without some sort of incentive program and we appreciate that that is his intention to make sure that it doesn't happen. If the committee does feel the need to take this up as a last resort, there are two technical points I wanted to raise. The first one is only from the state chamber's perspective. They feel the wage level is still too high for rural parts of the state. So we would encourage some kind of differentiation based on region or, or something in that manner. And then secondly, we feel like the, the central component of LB720 that's really important is moving the administration of the program from Revenue to DED. We feel like that's pretty uncontroversial for people. So if you do-- if we do have to end up going this route, we would suggest that that possibly could be added to the bill. Other than that, that's all we have.

LINEHAN: Thank you. Are there questions from the committee?

JENNIFER CREAGER: Thank you.

LINEHAN: Thank you. Would you like to close?

FRIESEN: [INAUDIBLE]

LINEHAN: No letters, that ends the hearing on LB1034.