

Transcript Prepared by Clerk of the Legislature Transcribers Office
Urban Affairs Committee February 26, 2019

WAYNE: I was just so excited to start with Senator Brewer I forgot. Are we on? OK. Good afternoon. Welcome to the Urban-- your Urban Affairs Committee. My name is Justin Wayne, J-u-s-t-- wait, I'm not testifying. I represent-- I represent Legislative District 13, which is north Omaha and northeast Douglas County. I serve as Chair of Urban Affairs Committee. And we will start off having members of the committee do self-introduction, starting to my right with Senator Arch.

ARCH: John Arch, District 14, Sarpy County.

HUNT: I'm Senator Megan Hunt and I represent District 8 in midtown Omaha.

TREVOR FITZGERALD: Trevor Fitzgerald, committee legal counsel.

BRIESE: Tom Briese, District 41.

CRAWFORD: Good afternoon. Senator Sue Crawford, I represent District 45, which is eastern Sarpy county.

LOWE: John Lowe, District 37, Kearney, Gibbon, and Shelton.

PRECIOUS McKESSON: Precious McKesson, committee clerk.

WAYNE: Also assisting the committee are our committee pages: Noah Boger from Valley who is a political science and French major at UNL and Katie Pallesen from Omaha who is a political science and history major at UNL. This afternoon we'll be hearing four bills. I will be taking them up in the order that is listed outside of the room, I believe. However, there isn't-- Senator McCollister is also testifying, introducing a bill in Ag, so that may go after me. We're just kind of playing it by ear. Hopefully, he can get down here. If not, we'll keep this committee going and moving so we can get everybody out of here on a reasonable time. On each of the tables in the back of the room you'll find a blue testifier sheet. If you are planning on testifying today, please fill out and hand one to Precious when you are coming up. This keeps-- helps us keep accurate records 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 in 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 gold sheet in the back of the room and it will be listed in the record. Also I would note the Legislature policy is that all letters

Transcript Prepared by Clerk of the Legislature Transcribers Office
Urban Affairs Committee February 26, 2019

for the record must be received by the committee by 5:00 p.m. the day prior to the hearing. Any handout submitted by testifiers will be included as part of the record as exhibits. We ask if you do hand it out, please hand out ten copies. If you need additional copies, the pages will gladly do that for you. 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 we'll hear from opposition, followed by those speaking in a neutral capacity. The introducers 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 your first and last name, spelling both your first and last name. We will be using the four-minute light system. When you begin your testimony, there is a-- the light will turn green on the table. The yellow light means there is one minute left. And the red light we will ask you to wrap up your final thoughts. I will remind everyone, including senators, please turn off your cell phones or put them on vibrate. You'll note that senators may be coming and going. We also are introducing here-- bills in different ones or talking to staff or maybe have a meeting about upcoming bills. So with that, we will begin today's hearing with LB574. Senator Brewer, welcome to your committee.

BREWER: Thank you, Chairman Wayne, and good afternoon, fellow senators of the Urban Affairs Committee. I'm Senator Tom Brewer. For the record, that's T-o-m B-r-e--w-e-r. I represent 13 counties of the 43rd Legislative District of western Nebraska. I'm here today to introduce LB574. LB574 changes when the MUD board of directors can meet. The current law requires them to meet on the first Wednesday of each month. This bill would allow the board to choose their meeting date and time and put it in their bylaws. I want our local units of government to have the most flexibility we can give them. I would be happy to answer any questions. Thank you.

WAYNE: Any questions from the committee? Seeing none, thank you. Will you stay for closing?

BREWER: I will not. I have to present in Ag so I will waive closing and say goodbye.

WAYNE: Thank you. Any-- I guess we'll turn to proponents. Any proponents? We'll be using the on-deck system. So if you want to come to the first two rows if you are planning on testifying, that would be greatly appreciated. Welcome to your Urban Affairs Committee.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Urban Affairs Committee February 26, 2019

RICK KUBAT: Thank you, Chairman Wayne and members of the Urban Affairs Committee. My name is Rick Kubat, R-i-c-k K-u-b-a-t, here today on behalf of the Metropolitan Utilities District in Omaha or MUD. I want to thank Senator Brewer for introducing LB574. Simply put, the reason why this request is being made is MUD is finalizing a purchase agreement with Douglas County to sell our downtown headquarters. Nebraska state law requires us to hold our board of directors meeting on the first Wednesday of every month and the Douglas County Public Building Commission has offered us the ability to use the Omaha Douglas County Civic Center where the Douglas County Board and the Omaha City Council currently meet. The only problem is, is that facility isn't available on Wednesdays. We've been told we could use that facility for free. Our board meetings are open to the public. They're live streamed. They're advertised. We just want to have the ability to simply move across the street to hopefully build us or save us the expense of build-out of an alternative board meeting space. So that's the reason why the bill is in front of you. Really here today to answer any questions. The only other thing that I would mention is, not that I can speak on behalf of our-- all Omaha city and Douglas County elected officials, but there is some controversy as it relates to that project largely in relation to whether or not the youth center is going to be moved. But I believe that there's general consensus amongst our local elected officials that they need the MUD property because our courthouse is essentially too small for the current operations needed. With that I'd be more than happy to answer any questions you might have.

WAYNE: Any questions from the committee? Senator Crawford.

CRAWFORD: Thank you, Chairman Wayne, and thank you, Mr. Kubat. Is it your expectation that you will set a similar regular day of the week and month for your regular meetings?

RICK KUBAT: That's, that's correct. My expectation is it'll likely be exactly the same but we'll probably just move to something like the third Tuesday or the second Tuesday. We're probably looking at either a Tuesday or Thursday, and certainly we'll still be holding regularly monthly meetings. And we want it to be on a consistent date so that the public's aware of it.

CRAWFORD: And that will be in your bylaws.

RICK KUBAT: Yes.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Urban Affairs Committee February 26, 2019

CRAWFORD: Thank you.

WAYNE: Senator Hunt.

HUNT: That answers my question. Thank you. Thank you, Mr. Kubat, for being here.

WAYNE: Any other questions from the committee? Seeing none, thank you.

RICK KUBAT: Thank you.

WAYNE: Any other proponents? Seeing none, any opponents? Any opponents? Seeing none, anybody in the neutral capacity? Seeing none, for the record we do have two letters of opposition: Gina Miller and LaVon Stennis Williams in opposition. Senator Brewer indicated he would be clo-- waiving his closing. So that ends the hearing on LB574 and-- let's just keep it going. We're going to move down to LB492, and I turn this over to Senator Hunt.

HUNT: Thank you, Chairman Wayne. Welcome to the hearing on LB492. Senator Wayne, you're welcome to open when you're ready.

WAYNE: Good afternoon, Vice Chairwoman Hunt and members of the Urban Affairs Committee. My name is Justin Wayne, J-u-s-t-i-n W-a-y-n-e, and I represent Legislative District 13, which is north Omaha and northeast Douglas County. In September of 2017, e-commerce giant Amazon announced that it would be building a second headquarters, dubbed H2-- HQ 2. While the city of Omaha was among the 238-plus applicants, it was immediately recognized as a longshot bid. Amazon announced that it would narrowly tailored-- tailor down the list to 25 about 20 finalists in January. It was with little surprise Omaha didn't make the cut. In addition to Omaha, several large cities like Detroit and Phoenix, which were widely expected to make the short list did not make the cut either. One of the-- a major criteria that Amazon was looking for and that cities like Detroit, Phoenix, and Omaha currently lack is a strong mass transit system. A number of news articles that examined Amazon's search process highlighted the fact that simply having a mass transit system may not be enough, the reach of the transit system is also critical. For example, Detroit has a fairly, a fairly substantial transit system within its city core, but the key knock against them was it lacked regional transportation network. While the state-- we-- while as a state we obviously shouldn't make policy choices off of a single prospective employer, I think the Amazon example provides us with the wake-up call that public

Transcript Prepared by Clerk of the Legislature Transcribers Office
Urban Affairs Committee February 26, 2019

transportation must play a role in our economic development efforts, particularly around the Omaha area. This fall the Urban Affairs Committee held multiple hearings on LR399, my interim study that looked at our transit authority statutes to examine structural issues that may be holding us back from creating a strong, regional transer-- transit authority in the Omaha metropolitan area. During those hearings testimony identified key several flaws in our current transit authority statutes, the transit authority law. First, under the current law only cities of the metropolitan class, i.e., Omaha, are eligible to create a transit authority. Despite the fact that Lincoln and, to a certain extent, Grand Island are growing metropolitan areas we need to expand access to transit, only Omaha may create a transit authority. Second, current statute lacks a mechanism for truly-- for creating a truly regional transport-- transit system that works across the entire metropolitan area, such as Omaha. While the transit law was amended in 2003 an attempt to authorize the transit-- the transition of metro transit to a regional transit authority, no effort has been really made to expand the transit regionally. However, there is clearly a need for the transit authority outside of Omaha. Since Metro Transit currently contracts with the city of Bellevue, La Vista, Papillion, and Ralston in Sarpy County, as well as the city of Council Bluffs, Iowa, to provide limited, fixed bus routes as part of the Metro bus system. Third, since 1997 transit authorities have lacked their own tax author-- tax authority. Instead, transit authorities make a request to miss-- municipalities or counties participating in the authority and the requests, if granted, are included in the munica-- missa-- municipality or county's property tax levy. While the transit authority may make a tax request up to ten cents of each hundred dollars taxable valuation the city and Douglas County-- city of Omaha and Douglas County are only statutorily required to levy an amount sufficient to fund three cents per hundred dollars. Under current statute, other municipalities and counties that choose to join the transit authority are not statutorily required to grant tax requests to fund the transit authority. Couple more pages and this is real important so I'm just-- bear with me. LB492 would adopt a Regional Metro Transit Authority Act and provide a mechanism for creation of a regional trans-- transit authorities in Nebraska. Under an act, a municipality or a group of municipalities within the same metropolitan statistical area, MSA, may create a regional metropolitan transit authority or RMTA. There are currently four MSAs located in or are part of Nebraska: Omaha-Council Bluffs, Lincoln. Grand Island, and Sioux City. The act also provides a process in which existing transit authority created underneath the transit authority law can transition

Transcript Prepared by Clerk of the Legislature Transcribers Office
Urban Affairs Committee February 26, 2019

to a RMTA. Creating or joining an RMTA requires two-thirds supermajority vote of the city council, village of trustees, or the existing transit board authority. RMTAs would, would be governed by a seven-member board. Currently, in Omaha there's is a five-member board appointed by the mayor that requires confirmation by both the city of Omaha and Douglas County Board of Commissioners. Moving to an elected board ensures that all residents have equal representation in the governing structure. While RMTAs would have their own tax authority, the maximum mirrors what they currently have underneath tax authority law. While LB942 would also allow for RMTAs to create light rail as a transit option, the language in the current transit authority statutes appeared to prohibit a transit authority from operating a rural-- railroad system. Importantly, LB492 does not mandate the creation of RMTAs. It's up to local governments and local officials to warrant their establishment. The committee should have just received a white-copy amendment, AM403, which I've distributed. The amendment makes several technical corrections mostly involving the process by which the existing transit authority may convert to a RMTA. The copy of the amendment in front of you still has to go through a thorough review of our Bill Drafting Office, but I wanted to make sure that committee members had a chance to review it and look at it before the final amendment is ready. LB492 is a very complicated bill with a number of moving pieces that my office has worked diligently with: Metro Transit, Greater Chamber of Omaha of Commerce-- I'm sorry, Greater Omaha Chamber of Commerce, and many others to assure that all the dot-- the i's are dotted and t's are crossed. I truly believe if we want to foster economic development in the metropolitan areas we have to give our local governments the tools to create a robust regional transportation system. Currently, statutorily structure inhibits the development of a regional transit authority, which consequently limits the ability of Omaha and Lincoln to recruit major businesses and retain Nebraska's young talent. At least 28 states allow for some form of regional authorities, including and not just the blue states, but many red states like Arkansas, Iowa, Missouri, South Carolina, Texas, and West Virginia. A number of people behind me will testify why it's important. But at the end of the day this comes down to a very simple question for cities like Omaha and Lincoln and Grand Island to grow. And the best one I can use an example of is Facebook. They are building an infrastructure where right now there are jobs for \$25 an hour that can go-- that go unfilled. They go unfilled because people in north and south Omaha don't have a way to get there. And the fact of the matter is, if you miss a bus and another bus doesn't come for two to three hours your whole workday is

Transcript Prepared by Clerk of the Legislature Transcribers Office
Urban Affairs Committee February 26, 2019

gone. If we're going to continue to grow, we got to have a public transportation system that works. Not just those who have the ability to call a Uber, but those who don't-- that still need a job. And it's time for not only this committee, but our body to think big about our infrastructure and how we truly move into the 21st century around public transportation. And with that, I'll answer any questions.

HUNT: Thank you, Senator Wayne. Are there any questions from the committee? Senator Arch.

ARCH: Help, help me understand. So why, why couldn't-- why couldn't they now do it? Why, why do they have-- why does there have to be legislation like this?

WAYNE: So when you say they, who are they?

ARCH: Well, metropolitan-- I mean, the transportation, the buses, and the public transportation system now. Why can't they simply extend-- as you mentioned, Facebook or wherever?

WAYNE: So what happens-- there's two different issues. One, outside of Omaha-- only city of Omaha is authorized under current statute to create a mass transit system. The city of Lincoln is doing it internally, but there's also a cost to it that they-- it's not sustainable to, to grow it too much more. As far as Grand Island, the same issue. The reason why they haven't is because they're cost prohibitive. As far as Facebook and others, when you do a interlocal agreement, in this case it'll be Sarpy County, Sarpy County doesn't have to pay for it. So there it goes to the riders. And that's a cost that is-- defeats the purpose of it being in public transit. So there's statutorily problems. Even if people say, we don't want this bill, there are statutorily issues of why, one, outside of Omaha can't be done and two, why there's such a higher cost right now when it relates to running lines into Sarpy County and other places, because their taxpayers aren't paying them.

ARCH: Thank you.

HUNT: Any other questions from the committee? Seeing none, thank you, Senator Wayne, for your opening. If you're here to testify as a proponent, please come up to the front and we'll start, hearing proponents. Welcome to your Urban Affairs Committee, sir.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Urban Affairs Committee February 26, 2019

RICHARD SCHMELING: Thank you, Senator. My Name is Richard Schmeling. R-i-c-h-a-r-d S-c-h-m-e-l-i-n-g. I am a Lincoln resident. I am the District 1 director of a group called ProRail Nebraska, Incorporated and I'm here to testify in favor of LB492. Let me wax philosophical for a moment. That's the benefit of being an older person, you have some perspective. When I was growing up in Nebraska we had a good public transportation system. We had passenger trains serving practically every town, we had bus systems that were all over the state. Today we have none of that. Our public transportation system in Nebraska has been virtually gutted. We're behind the times. Other states have realized the need to stimulate a good public transit system throughout the state and within the metropolitan areas, they've taken steps to do it. So far we haven't. I see LB492 as a great first step. Senator Wayne, with all respect, what I would like to have seen with this bill is that you include Lincoln, the city of primary class as being able to establish a superregional transit authority. Right now, StarTran, the bus system in Lincoln is limited to the city limits. Any rural service that's being provided is being provided by Aging Partners, which is the aging agency here in Lincoln. And although there's some coordination, it would be much easier to go ahead and have a regional transit authority so that the same entity could coordinate things. I look forward to the day when we can have some intercity bus service between Lincoln and Omaha and eventually some commuter rail trains running back and forth. Again, in order for this to happen we need something like LB492, because if Omaha has a regional transit authority and Lincoln has one, the two--according to the terms of LB492--can contract with each other and put together a system that will work between the two cities. There's another bill pending in the Legislature, LB401, and if LB492 and LB401 get enacted it's a tremendous springboard forward for public transit in the state of Nebraska. I think it's necessary that this happen and I strongly encourage this committee to advance this bill to the floor of the Legislature. I'm ready to take questions if anybody has any.

HUNT: Thank you so much for being here, Mr. Schmeling?

RICHARD SCHMELING: Yes.

HUNT: Thank you so much for coming. Are there any questions from the committee? I had a question about what you said about how this wouldn't allow Lincoln to create its-- its own regional authority. I actually think that's incorrect. Is that?

Transcript Prepared by Clerk of the Legislature Transcribers Office
Urban Affairs Committee February 26, 2019

TREVOR FITZGERALD: Yes.

HUNT: OK, so I just want to clarify that it would allow Lincoln to create one of these systems within its metropolitan area if they chose to do that.

RICHARD SCHMELING: Well, legal counsel is better at interpreting the, the language of the statute. When I read it, it sounded like we were limited to cities of the Metropolitan class only, but.

TREVOR FITZGERALD: May I correct that for the record?

HUNT: Yes.

TREVOR FITZGERALD: Senator, just for the record, so under the bill a ci-- municipality or--sorry--municipality or municipalities within the same metropolitan statistical area could form a regional transit authority. So there is a metropolitan statistical area that includes the city of Lincoln and then there's a metropolitan statistical area that includes the Omaha area. There's also one in Grand Island and one in the Sioux City, Iowa, area.

RICHARD SCHMELING: OK. So, so what you're telling me is Lincoln can do it if this bill passes?

TREVOR FITZGERALD: Within their metropolitan statistical area.

RICHARD SCHMELING: Yeah. OK, sure. OK, thanks.

HUNT: Thank you. I thought that was important to correct for the record. So thank you very much for your testimony today.

RICHARD SCHMELING: OK.

HUNT: Thank you, Mr. Schmeling. Any other proponents for LB492? Welcome to your Urban Affairs Committee, sir.

ROBERT KUZELKA: Thank you. Good afternoon. Appreciate this opportunity to speak to this bill. My name is Robert Kuzelka, R-o-b-e-r-t K-u-z-e-l-k-a, I live at 1935 A Street in Lincoln, Nebraska. I am representing myself in my testimony, although I am also a vice president of ProRail Nebraska, which you heard from our lobbyist just a few minutes ago. What I would like to address is the importance of this bill as a very first step and I'd almost say a small first step. And to support this I've passed out to you a map. The green area of

Transcript Prepared by Clerk of the Legislature Transcribers Office
Urban Affairs Committee February 26, 2019

the map shows the metropolitan region as I see it, not as the Census Bureau does, but as I see the area that interacts with each other in commuting, in jobs, in places to work, in places to go to school, entertainment, the whole thing. On the back side I've listed the two counties that are in the Lincoln SMSA and the population which is 331,000; the Omaha SMSA which is four counties and the population which is 789,000. I also threw in the Iowa part of the SMSA because those three counties are part of the SMSA which is the Omaha one, even though they're in another state, and so they should be thought about. And then the three counties that in the green area that are non-SMSA, Otoe, Dodge, and Saunders. So altogether in Nebraska this represents 101-- 1,197,000 people-- persons, which is 62 percent of the current state population. So here's an area that represents an immense employment potential, an immense variety of life potential. We know right now, for instance, at a minimum there's 9,000 commutes daily between Omaha and Lincoln. So what is needed is a regional system that would encompass the whole area, that would allow cities to interact, that would allow citizens to interact for a variety of purpose and would be a growth factor for not only Omaha and Lincoln but all the other smaller communities and allow people a greater opportunity to pick a place to work. It also would mean that we would not have to spend another cent of state dollars in expanding and adding lanes to the interstate or any other system, an unnecessary expenditure. It's been proven that adding lanes does not automatically double or triple the potential of the interstate. So I would encourage you to pass this bill and then let us get to work on what is really needed as a next step, a true regional metropolitan area transit. Thank you.

HUNT: Thank you very much, Mr. Kuzelka. Are there any questions from the committee? Seeing none, thank you for being here today. Any other proponents for LB492. And if you plan to come testify you can come sit up in the front. That would be great.

JERRY JANULEWICZ: Good afternoon, members of the committee. My name is Jerry Janulewicz, and it's spelled J-e-r-r-y J-a-n-u-l-e-w-i-c-z. I am the city attorney for the city of Grand Island. I'm here representing the city of Grand Island and testifying in support of LB429 (SIC). I won't belabor the, the excellent explanation that Senator Wayne gave for LB429 (SIC) and what a transit authority would do. What I'd like to do is concentrate on how that would help perhaps the city of Grand Island and the Grand Island MSA expand public transit in our area. The Grand Island MSA was designated by the federal government in 2012. It includes four counties, those being Hall, Howard, Hamilton, and

Transcript Prepared by Clerk of the Legislature Transcribers Office
Urban Affairs Committee February 26, 2019

Merrick County. Grand Island is the largest city in that MSA, a population of over 50,000 and then beyond that the population of the communities drop substantially: We have four communities having a population between 1,000 and 5,000 in size; three communities having a population between 500 and 1,000 residents; and 16 villages of less than 500 residents each. So it's a large territory that's included within the MSA and a broad number of municipalities, each of which would be able to individually or in combination with others form an MSA. The Grand Island Metropolitan Planning Organization (SIC) recently undertook a planning-- hired a consultant. We had a planning study done for public transit and the consultant and the recommendation of that planning study was that public transit could best be provided in the MSA through adoption of a transit authority. And, of course, at this point this-- the city, the county of Hall, the other communities do not have the statutory authority to create a transit authority. But at any rate, the consultants thought the transit authority would be a benefit by providing a fair and acceptable cost-sharing among, among the entities that participate, would provide for funding the transit service through a dedicated funding source, would ensure that service and service changes are made in the best interests of the region, and would establish a long-term commitment to public transit services. Now as a lawyer I think, well, how, how really does this benefit the community? How, how would those actions be accomplished? And I think, I think that the way that this authority would assist would be it would create a separate legal entity that would have independent governance and the ability to levy a property tax to supplement federal and state grants. In other words, this would be an organization much like an airport authority where the board members would have a laser focus on public transit and how best to provide services and expand services to those who need transit services in the region. So we see that there could be an, a great benefit to the Grand Island MSA area by having the ability to create a transit authority. Now I say that with some, some hesitancy, because there are two areas or at least there's one structural area that concerns me about the bill and that is if you read through the bill it basically says that the tax levy, if there is one for the authority, the levy is on property taxes levied upon property within the metropol-- within the, the municipalities that create the dis-- the authority. So we're going to-- if, if say ten communities decide to develop an authority there would be ten communities would be subject to the levy. Problem is that the bill also requires that the territory be divided into seven districts. And what I'm having trouble understanding is how the seven districts would have the governance of

Transcript Prepared by Clerk of the Legislature Transcribers Office
Urban Affairs Committee February 26, 2019

the authority translate to pockets within the district that would be subject to a tax levy. That seems like there's a, a dissonance between the two. And perhaps it's my misunderstanding of the drafting of the bill, but I would ask that the committee look at that and see if that's the intent that there be-- you know, how the seven districts in the district would correspond with individual tax levies in the various communities. I think with that, if that issue is resolved I think that this would be a great asset to the Grand Island MSA and other MSAs in the state. With that, I'd be happy to answer any questions.

HUNT: Thank you, Mr. Janulewicz. Are there any questions from the committee? Senator Briese.

BRIESE: Thank you, Chairwoman Hunt. Thank you for your testimony here.

JERRY JANULEWICZ: Sure, Tom.

BRIESE: And if it-- if we would adopt this if it was-- and we'd go forward with something like this in the Grand Island area, what would you predict would happen there? How many communities might join into something like this, if any?

JERRY JANULEWICZ: I hate to predict. Well, what we've had historically in Grand Island and Hall County is historically public transit was provided through a state grant of federal monies. Basically, it's federal money going to the state. The state administered money and granted that actually to Hall County and the Hall County senior citizens group. And that's how public transit was provided until Hall County-- until Grand Island became part of an MSA. Now we receive basically two buckets of money, one being fed-- funds directly from the federal government for urban transit and the state funds for rural transit. And one of the unknowns is exactly how having authority is-- would affect how those funds get distributed, particularly the money that flows through from the state and has been going to the county. That as you might notice LB429 doesn't allow counties to become participants or members of the transit authority, only the municipalities. So it might work out better in rural Nebraska if municipalities-- if that definition also included counties. That way instead of going each community by each community to participate it could be done on a countywide basis. And that might also resolve some of the issues I raised earlier about seven districts and little pockets of tax levy authority.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Urban Affairs Committee February 26, 2019

BRIESE: OK. Thank you.

JERRY JANULEWICZ: Sure.

HUNT: Thank you, Senator Briese. Any other questions from the committee? Seeing none, thank you, Mr. Janulewicz, for being here today.

JERRY JANULEWICZ: Thank you.

HUNT: Next proponent for LB492. Welcome to your Urban Affairs Committee, sir.

MICHAEL DAVIS: Thank you. Good afternoon, Senator Hunt and members of the Urban Affairs Committee. My name is Michael Davis, M-i-c-h-a-e-l D-a-v-i-s. I am the transit manager for StarTran, city of Lincoln and I am here today in support of LB492. The city of Lincoln is growing in population and the ridership on our transit system is also growing. Even with gas prices down we're seeing that growth happen. And the benefits of transit are far and wide, including reduced infrastructure needs, environmental benefits including cleaner air, and economic benefits through job creation and job retention. The transit-- transit benefits a lot of different individuals, including those who drive their private car or personal car to work through less congestion, fans attending a Husker football game being able to be dropped off right on the edge of UNL campus, students traveling to and from school having less distance to walk, employees trying to get to work, and visitors who want to take a tour of downtown Lincoln on the new trolley, and individuals with a disability that are able to use our Handi-Van service. As you can see, transit really benefits a large cross section of our community. And I'm very familiar with transit authorities. I worked for the Roaring Fork Transit agency in Colorado when it became a transit authority, the Roaring Fork Transportation Authority. And also, my most recent job I worked in New Mexico and I was able to see the, the cre-- I started there shortly after the creation of the North Central Regional Transit District. And through both these changes that took place in New Mexico and Colorado I was able to see that focus on transit increase and the benefits, the positive benefits that came through that creation. In some ways it was small, but in other areas that it really made a big impact and a big difference. And so in closing, I'd like to thank Chairman Wayne for introducing this legislation and I appreciate your support in moving forward with LB492 and I'm happy to answer any questions.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Urban Affairs Committee February 26, 2019

HUNT: Thank you, Mr. Davis. Are there any questions from the committee? Senator Crawford.

CRAWFORD: Thank you, Chairwoman Hunt, and thank you, Mr. Davis. How do you see this changing what happens in Lincoln?

MICHAEL DAVIS: In Lincoln, this adds flexibility, it adds a dedicated-- it adds elected officials that have that ability to really focus in on transit and to become more knowledgeable and as, as they're able to become more knowledgeable it really can benefit the mobility through increasing both the, the visibility of transit as well as identifying those needs and addressing those needs.

CRAWFORD: Thank you.

HUNT: Thank you, Senator Crawford. Senator Briese.

BRIESE: Thank you, Chairman Hunt. And thank you for being here. How is StarTran funded now?

MICHAEL DAVIS: StarTran is funded through several different funding areas but one of them is general fund. And then we also receive federal funding and fare revenue and we also have a contract with UNL and receive revenue through, through UNL.

BRIESE: OK. Thank you.

HUNT: Thank you, Senator Briese. Any other questions from the committee? What are we on, committee? Thank you. And thank you, Mr. Davis, for being here today.

MICHAEL DAVIS: Thank you.

HUNT: Next proponent for LB492. Welcome to your Urban Affairs Committee, sir.

STEPHEN OSBERG: Thank you. Vice Chair Hunt, members of the committee, I am Stephen Osberg, S-t-e-p-h-e-n O-s-b-e-r-g. I serve as the director of transportation development for the Greater Omaha Chamber. We are here today as a proponent of LB492 with some reservations. Thank you, Senator Wayne, for introducing LB492. We strongly believe in the value of high quality public transit and apply efforts to strengthen and build upon the transit options already in place. Our interest in public transit is just one component of our larger economic development strategy. In 2017, our chamber in collaboration

Transcript Prepared by Clerk of the Legislature Transcribers Office
Urban Affairs Committee February 26, 2019

with the United Way of the Midlands and the Urban League of Nebraska launched a strategic foresight initiative to identify our region's most critical trends and plausible futures. The visioning process led to the development and selection of our preferred future focused on three main areas: people, place, and prosperity. We believe our vision is ambitious yet achievable. One of the most critical elements of the vision is the development and funding of a more robust multimodal transportation system. We are at a time of profound change in the transportation world. Technology is rapidly evolving and demographics and individual preferences are quickly shifting. To that end, we are working with our many regional private and public sector partners, including MAPA and Metro Transit to develop a new regional transportation plan that will allow us to proactively address our challenges and solidify our position, it is a great place to live and do business. Our investment in transportation will allow us - will allow businesses to access talent and talent to access employment, education, and training. And it will create a stronger sense of place and build culture, both important as we compete to attract and retain talent. The Greater Omaha Chamber is a regional entity partnering with organizations covering multiple counties in Nebraska and Iowa and we are committed to finding coordinated regional solutions. Our vision for a modern transportation system encompasses all modes: automobile, rail, air, active transport, shared mobility platforms, and of course public transit. This is about getting people where they need to be for work, education, recreation, shopping, regardless of where they live. We realize that development and implementation of the plan will be an immense effort and no doubt will require assistance from the Legislature and local governments at some point. Because we are early in our own internal process and development of our comprehensive plan we are uncertain as to what our exact legislative requests will be. But we view LB492 as a positive first step. We will certainly need the committee's additional assistance going forward in removing statutory barriers that would preclude making this vision a reality. And we are grateful for the committee's involvement. We will gladly keep you updated as our work moves along. We thank Senator Wayne for taking the lead on this bill and we especially appreciate his and your committee counsel's willingness to share drafts of the bill with us prior to introduction and incorporate our suggestions. As to the mechanics of the bill we defer to Metro Transit's comments and would request the committee include their requested amendments in any version advancing to the floor. Thank you and I'll take any questions that you've got.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Urban Affairs Committee February 26, 2019

HUNT: Thank you, Mr. Osberg, for coming to share your expertise and experience with us today. Are there any questions from the committee? Seeing none, thank you for coming to, to speak with us today.

STEPHEN OSBERG: Thank you, Senators.

HUNT: The next proponent for LB492. Welcome to your Urban Affairs Committee.

GREG YUELL: Good afternoon. Members of the Urban Affairs Committee, my name is Greg, G-r-e-g, Youell, Y-o-u-e-l-l. I am the executive director of the Metropolitan Area Planning Agency or MAPA in Omaha. We are the Regional Council of Governments that serves Douglas, Sarpy, and Washington Counties in Nebraska as well as part of Pottawattamie and Mills Counties in Iowa. Part of MAPA's charge includes conducting transportation planning activities in Douglas and Sarpy Counties. MAPA's process includes developing a long-range transportation plan that provides a vision for transportation investment decisions over a 20-year horizon. We also coordinate with our local and state jurisdictions to identify and prioritize projects for highways, streets, bridges, trails, and public transit. MAPA applauds the focus of the Legislature on public transit in exploring the framework for regional transit authority. There is growing interest in the Omaha metropolitan area to expand public transit and to create a regional solution that serves the entirety of the region. MAPA supports the concept of this regional transit authority and support LB492 with reservations similar to the chamber's pending the adoption the proposed amendments submitted by Metro Transit. Meeting our work force needs is a challenge in the Omaha region and one that is projected to become even more acute in the future. MAPA forecast that the five-county region will increase to nearly 1.2 million residents by 2050. That represents an annual growth rate of 1 percent. The MSA, which is a larger eight-county region is projected to hit 1 million people by 2025. The fastest counties-- fastest growing county in the state, Sarpy County, as you were probably aware, established a regional wastewater authority recently that will facilitate continued growth in Sarpy County and the population there is anticipated to nearly double from approximately 159,000 in 2010 to about 300,000 in 2050. So in MAPA's planning we hear frequently about the need to fill jobs throughout the entirety of the metropolitan area and a regional transit authority will provide a framework to improve transit service and better connect unemployed and underemployed people for training and jobs. This need is not only felt in the Omaha metro area, it was

Transcript Prepared by Clerk of the Legislature Transcribers Office
Urban Affairs Committee February 26, 2019

highlighted in a statewide report, the SRI report that was completed for the Nebraska Department of Economic Development in 2017. It's called Nebraska's Next Economy Analysis and Recommendations. In a section of the statewide report on work force the public transit challenge in Omaha was highlighted. It said: However, Nebraska will not fully benefit from the new population groups coming into the region if they are isolated from the larger community and don't have easy access to employment opportunities. This lack of an adequate system of public transport limits access to the workplace for these groups, even as employers in the same city face constant work force shortages. Omaha's leaders understand the transportation challenge and there is a vigorous debate about possible solutions, including the value of light rail or bus rapid transit. So a regional transit strategy is being developed and is underway. And one of these strategies, notice, is called the Close the Gap Strategy and it recognizes that a lot of our colleges, our community colleges, our universities, and our key activity centers are on, on corridors that could be quite easily connected by public transit service. And this would build off of Metro's bus rapid transit project, that ORBT-- which be scheduled to open in 2020 and run from Westroads Mall to downtown Omaha along the Dodge Street corridor. So, again, we think that this bill, LB492, with proposed amendments for Metro Transit would provide a framework for the growth of this regional transit authority. It honors local control through the requirement that each city must opt into the system and elected representation for the board. For these reasons we support with reservation LB492. Thank you.

HUNT: Thank you. Thank you for your testimony, Mr. Youell. I can think of a few reasons personally that some transit between Omaha and Lincoln might be really nice. So, yes,--

GREG YUELL: We hear about that often.

HUNT: -- thanks for, for your testimony today. Are there any questions from the committee? Seeing none, thanks for coming here today and speaking to us.

GREG YUELL: Thank you.

HUNT: Next proponent for LB492. Welcome back, Ms. Abraham.

CHRISTY ABRAHAM: Thank you, Senator Hunt and members of the committee. My name is Christy Abraham, C-h-r-i-s-t-y A-b-r-a-h-a-m. I'm here representing the League of Nebraska Municipalities and we just want to

Transcript Prepared by Clerk of the Legislature Transcribers Office
Urban Affairs Committee February 26, 2019

first of all thank Senator Wayne for introducing this bill. As you already heard, we think this bill could really help both Grand Island and Lincoln and we're excited about those possibilities and so we just ask you that you give it every consideration and we thank Senator Wayne again for introducing it.

HUNT: Short and sweet. Thank you so much.

CHRISTY ABRAHAM: That's all I got. Thank you, Senator.

HUNT: Thank you for being here. Any questions from the committee? Thank you.

CHRISTY ABRAHAM: Thank you.

HUNT: Anyone else here in support of LB492? Anyone here in opposition? Seeing none, anyone here in the neutral capacity? Nope, too late. I'm just kidding. Come on up. Welcome to your Urban Affairs Committee.

DUSTIN ANTONELLO: Thank you, appreciate that. Good afternoon, Chairman Hunt and members of the Urban Affairs Committee. My name is Dustin Antonello, D-u-s-t-i-n A-n-t-o-n-e-l-l-o. And I'm here on behalf of the Lincoln Independent Business Association. LIBA opposes LB492. Regional metropolitan transit authorities are an additional government body with property taxing authority and an added level of bureaucracy. This bill allows transit authorities to levy a tax of up to 10 cents per hundred dollars in property value which will lead to homeowners and business owners paying even more in property taxes. The Lincoln property owner with a home valued at \$165,000 will be on the hook for an additional \$165 in property taxes. At a time when the Legislature is focused on solving the property tax crisis in Nebraska it does not make sense to allow for the creation of another government body with the authority to levy property taxes. This bill also grants broad powers to regional metropolitan transit authorities with very few checks on their authority from the public. In addition to being able to levy property taxes, transit authorities will be allowed to issue debt, bond without a vote of the people, and exercise eminent domain. The board members of the transit authority will also initially be appointed, not elected, which means they will not be accountable to taxpayers when they are making critical decisions on the future direction of the transit authority. LIBA supports public transit, but we believe it should remain under the control of city governments. In the last city of Lincoln budget we supported more funding for StarTran, Lincoln's public bus system, to allow for additional midday

Transcript Prepared by Clerk of the Legislature Transcribers Office
Urban Affairs Committee February 26, 2019

and evening service routes. We understand the role of mass transit but we do not believe it would be prudent to allow for the creation of a separate political di--subdivision to handle mass transit, mass transit, especially when the use of mass transit is on a downward trajectory nationwide. In fact, data from the U.S. Department of Transportation's National Transit Database showed that 2007 was the lowest year of overall transit ridership since 2005 and bus ridership alone fell 5 percent. According to American Community Survey data, data, cities such as Dallas-Fort Worth, Houston, San Diego, and Portland have recently added new transit lines, but have either failed to increase the share of commuters taking public transportation or experienced a decline in ridership. The population of citizens taking public transit is declining across the country due to a number of factors, including: lower fuel costs, increased teleworking, higher car ownership, and the rise of more convenient alternatives such as ride sharing. We simply cannot afford to create another ma-- another government body with property taxing authority for public transit. Thank you and I'd be happy to answer any questions.

HUNT: Thank you, Mr. Antonello. Any questions from the committee? Senator Briese.

BRIESE: Thank you, Chairwoman Hunt. Thank you for being here. Do you know how other states fund public transportation mass transit? Do they rely on property taxes to do it or--

DUSTIN ANTONELLO: I think it's a combination of both. I think it all depends on whether or not it's done through the city or if it's done through a regional body like, like it would be done in this case.

BRIESE: If this proposal didn't include funding through property taxes, would you have less angst about it?

DUSTIN ANTONELLO: Yes, I would, because I think there are other ways that we can support transit in Nebraska. I mean, we have mechanisms such as interlocal agreements that we could use in order for, for municipalities to work together to increase mass transit. I heard a lot of discussion today about how we want to connect mass transit between Omaha and Lincoln, but that's not what this bill would do. I mean, they are outside of the, the regional metro transit authorities. They'd be separate transit authorities. The only towns that Lincoln would be reaching through its transit authority would be towns like Seward or towns like Hickman and Waverly which have much smaller

Transcript Prepared by Clerk of the Legislature Transcribers Office
Urban Affairs Committee February 26, 2019

populations and may not benefit from having mass transit available to them.

BRIESE: Okay. Thank you.

HUNT: Any other questions from the committee? Seeing none, thank you very much for being here today, Mr. Antonello. Anyone else here in the neutral position on LB942?

DUSTIN ANTONELLO: I was in opposition.

HUNT: I meant opposition. Anyone here in a neutral capacity? Thank you.

CURT SIMON: Chairman Hunt, members of the committee, my name is Curt Simon, C-u-r-t S-i-m-o-n, I am the regional-- I'm the executive director of Metro Transit in Omaha. First, I'd like to thank Senator Wayne for bringing this matter forward. Metro is the one and only transit authority in the state of Nebraska. We were established by state statute 14-1803 in 1972. We appreciate having been allowed to provide input on this legislation, much of which has been incorporated into the bill. I'm here today testifying in a neutral capacity. There are a number of recommendations we've made that we feel strengthen and improve the bill. I was advised earlier this morning that those recommendations have been taken into consideration and are included as committee amendments for your review. We've not had sufficient time to review, but assuming they're included and the committee votes to adopt we would become a proponent of the legislation. And we ask that we be allowed to provide further input to the committee as the committee would, would want and as Metro would seem-- deem appropriate. The bill, with our recommendations included, would rectify the problems and challenges in establishing a regional transit authority that currently exist in LB720. LB720 was enacted into law in 2003 with the intent to address the issue of expanding Metro to a regional authority. However, LB720 falls short of the practical applications that can actually result in regional expansion. I've previously testified as to those issues on two separate occasions, last August at the LR399 hearing and before this committee in 2011 on LR338. Some of these issues are funding, board representation, jurisdiction, and impediments to participation. I won't repeat those testimonies, but I've attached them to a handout I'll give you after my testimony. Advancement of this bill will help Metro meet the needs of our growing metropolitan area. Improving Omaha Metro transit system has been widely discussed and the subject of numerous studies and planning

Transcript Prepared by Clerk of the Legislature Transcribers Office
Urban Affairs Committee February 26, 2019

efforts over the past several years. An outcome of one such study will be realized when Metro begins operation of Omaha's first bus rapid transit line, ORBT, in the spring of 2020. This project has received broad community support from multiple disciplines and is recognized as a crucial piece of a comprehensive solution to help reduce traffic congestion. We have a number of past programs with our educational institutions in Omaha: UNMC, UNO, Metro Community College, Creighton University, basically all of our, our major institutions are on past programs. Last year those past programs generated in excess of 250,000 trips. The Metro Community College pass program just passed its 1.5 million pass participants just last month. UNMC estimates that their participation in the program has allowed them to free up between 600 and 700 parking stalls per day as a result of being involved in their Travel Smart program. This is significant when one considers that the average cost for structured parking is estimated at \$21,000 per stall. Continued mode shift to transit could help free up land dedicated for parking to be used for building expansion as opposed to parking. It's no secret that we're battling brain drain in our state and "Youngtown" is often looking elsewhere to live and work. Millennials, in particular, have been vocal about wanting to see a more viable transit system. Many would prefer to not have a car at all and would prefer commuting with a more robust transit system. As Senator Wayne alluded to, I'm sure you took note of the recent Amazon competition for an additional headquarters location where their main criteria for selection was a robust transit system. This is becoming more prevalent with companies looking to expand and relocate. Omaha needs to be competitive in this environment. Advancement of this bill can help set in motion the means by which to make Metro more competitive when trying to attract new businesses. Advancement of the bill can be a vehicle to provide additional resources to help meet those challenges. There are numerous compelling reasons for expanded transit services and advancement of this bill. Some, but not all, include: improved air quality, better access to jobs and services, accelerated development, economic investment, improved urban density, and safety, just to name a few. In fact, the National Safety Council data shows riding the bus is 170 times safer than automobile travel. In addition to providing a path forward for Metro to become a regional metropolitan transit authority, LB492 provides a path for other municipalities within a metropolitan statistical area to establish metropolitan regional transit authorities to address their current or future needs. Thank you for giving me the opportunity to address the committee. I'd be happy to try and answer any questions you might have.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Urban Affairs Committee February 26, 2019

HUNT: Thank you for being here today, Mr. Simon. Any questions from the committee? Mr. Arch or Senator Arch, I'm so sorry.

ARCH: It's all right. It's Mr., too, so it's fine. Could you give me some idea as to your-- the number of customers and kind of what's happening with, with MAP right now?

CURT SIMON: In 2017, we had approximately 3.8 million passenger boardings. With someone on a fixed income, as are most political subdivisions in the state of Nebraska, they're subject to lid law that rely on property taxes. So as expenses go up--say they go up 3 percent a year--and in our case, those property taxes represent about 50 percent of revenue generation. Expenses go up 3 percent, yet we can only raise additional revenue to cover half of that expense. There are-- there's probably more interest, I would say, in metropolitan Omaha right now in transit than I've seen in my career. I've been with Metro for 32 years--not all in this capacity--and I've never seen the type of groundswell of support for transit that I've seen in the last five years.

ARCH: Do you have any idea why, what you, what you would attribute that to?

CURT SIMON: Well, I think a lot of it has to do with that millennial factor, that's part of it. There's a recognition that we can't build our way out of some of these problems and metro Omaha has always prided itself on being a 20-minutes city. And if you think about Dodge Street where we're gonna be putting this new ORBT bus rapid transit line and if you think about east of basically UNO, you're not going to be acquiring any right-of-way east of UNO to provide extra lane miles. That's just not going to happen. So transit isn't the silver bullet or the answer to the problem, but it's certainly one of the, one of the solutions to the problem.

ARCH: Thank you.

CURT SIMON: You're welcome.

HUNT: Thank you, Senator Arch. Any other questions from the committee? Senator Briese.

BRIESE: Thank you, Chairwoman. Thank you for your testimony.

CURT SIMON: You're welcome.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Urban Affairs Committee February 26, 2019

BRIESE: And you talked about property taxes comprising 50 percent of your total revenue. What amount is that, that 50 percent?

CURT SIMON: It's about-- let me get it, I've got it right here. I should know that off the top of my head. It's about \$18 million.

BRIESE: About \$18 million. And what, what kind of a levy does it take to arrive at that?

CURT SIMON: It's right at 5.3.

BRIESE: Five point three. OK. Thank you.

HUNT: Thank you, Senator Briese. Any other questions? Seeing none, thank you so much for coming here, Mr. Simon.

CURT SIMON: Thank you.

HUNT: Anyone else here in the neutral capacity on LB492? Seeing none, we have a letter of support from the city of Grand Island. We have a letter of opposition from S. Wayne Smith and a letter of opposition from Ron and Lynette Nash. And with that, Senator Wayne, you're invited to close on your bill.

WAYNE: I just want to briefly touch on how we got here today. So started back in 2016. When I was running for office I actually met with Sean Kelly and had a conversation about transit. When I went door to door, particularly in historic Florence, I continued to hear that if I miss my bus I have to call in sick. And sitting down talking more and more, last year I thought it was time that we had a LR. We had a legislative study or interim study and at that time I heard from Grand Island and Lincoln, but particularly Grand Island who said we need to figure out as we continue to grow this public transportation. The problem with federal grants and any grant is you don't know what you get every year. And so having some kind of base that they can count on and be dependable on is critical as we move forward. So trying to incorporate a bill that deals with Omaha and Grand Island is very difficult. Trying to treat them the same is very difficult. But to try to create a framework in which both can operate and succeed took a long--since the hearing--conversations and redrafts and drafts and drafts to the draft you got today, which I'm sure after Metro sees it will have some more changes because they've operated in this world a lot longer than I've been a senator so they'll be able to point out things that I don't think about. But what is true for Omaha, in

Transcript Prepared by Clerk of the Legislature Transcribers Office
Urban Affairs Committee February 26, 2019

particular,-- and I had this conversation while I was on the school board and it continues till today. Are we urban or are we not? Are we a city or are we a town? And those existing differences that-- I would keep saying my generation but I realized I was born in '79 and it started in '80, the millennial and the X Gen and all them, so I missed that one, too. So it's not my generation and below, it's the generation below me. They want to be around the urban core when it comes to Omaha. They want to be able to hop on a public transit system, whatever that may be, go down the street, go to a park, have some green space in around their community. They want to live downtown. That means they might not have a car. But they want to be able to go to the mall and shop and come back home. We had a hearing this year across the street from a hospital and it was pointed out to me at the hearing that the bus line stopped the time our hearing started. I just assumed that they ran close to a hospital all night. But it's not a fault of Metro. Metro is doing the best we can and they can with the limited amount of resources they have. What's interesting about LIBA's position is, there's no alternative. The fact of the matter is the taxing authority up to 10 percent, 10 cents, that's currently in statute. They can request that. We just create a floor that said cities and counties, in particular, Douglas County and city of Omaha, you have to do 3 percent. But it's already in statute. We just took the current statute and applied it the best way we could across the state. But the fact of the matter is, is whether it's Grand Island or Omaha there has to be a public transportation system. Now we can get creative like Des Moines who uses part of their public transportation system to help their kids go to school, a way they save money. OPS spends over \$36 million a year on transportation, which is ironically about how much we spend on public transportation. We have to figure out how to solve this problem for Omaha, because we will continue to miss out on young talent and employers, while at the same time solving the problem for Grand Island and Lincoln. That's what this bill is trying to do. And I want to give credit to Trevor who has met with many people and we went through so many different drafts on this. And I know creating a political subdivision is going to be a very heavy lift because of all the issues and concerns that will be raised. But my hope is this committee will put this on as a priority, as one of their priorities and we have this conversation, because we can't afford to be missed by the next employer possibly like Amazon or even smaller. We can't afford that the only bus you get to go to the airport is the one from your hotel. But if we want to move to the next generation and bring them here to live in Omaha, we've got to provide some basic urban things in a urban city. So I implore this committee

Transcript Prepared by Clerk of the Legislature Transcribers Office
Urban Affairs Committee February 26, 2019

to look at this. We'll have another draft, probably another amendment, also some more technical cleanups in the next week or so. But we will Exec on it. And either this is gonna be my personal priority or a committee priority. It's that important, because we talk about affordable housing. And you can't have affordable housing if we don't have a public transportation system, at least in Omaha. It's very relevant. If we want to find a different source of income besides property tax, I'm up for it. I'm willing to talk about it. If we need to limit it somehow, I'm willing to talk about it. But we have to solve this issue and it's time for us to have that big conversation about what does transportation systems look like in Omaha and, yes, Grand Island. And with that, I'll answer any questions.

HUNT: Thank you, Senator Wayne. Any questions from the committee? Seeing none, that'll close our hearing on LB492. And we'll go back in our agenda to LB476, introduced by Senator McCollister. And I'll hand over the committee back to Chairman Wayne.

WAYNE: Welcome to your Urban Affairs Committee, Senator McCollister.

McCOLLISTER: Thank you very much.

WAYNE: I believe you cleared the room out. Everybody is leaving now.

McCOLLISTER: That's good for the committee.

WAYNE: Go ahead, sir.

McCOLLISTER: Good afternoon, Chairman Wayne and members of the committee. I'm John, J-o-h-n, McCollister, M-c-C-o-l-l-i-s-t-e-r, and I represent-- represent the 20th Legislative District in Omaha. Today I'm introducing LB476 which is a very simple bill. In the 1940s, this Legislature placed a requirement on the Metropolitan Utilities District of Omaha, or MUD, to pay 2 percent of its gross annual sales of natural gas and water to the city of Omaha and the other municipalities that MUD serves. This 2 percent statutory payment to cities was placed on the books well before the current technology of compressed natural gas, or CNG, was ever intended for use as a vehicular fuel. An unfortunate and unintended consequence of this law is that starting on January 1, 2020, Nebraska will have a tax structure that will create a competitive disadvantage for cleaner, primarily American produced CNG to the advantage of environ-- less environmentally friendly gas and diesel. As a matter of public policy, this Legislature should not hinder domestically produced cleaner

Transcript Prepared by Clerk of the Legislature Transcribers Office
Urban Affairs Committee February 26, 2019

alternative fuels and create advantages for other fuels with far greater emissions. LB476 would simply level-- levels the playing field for CNG with gas and diesel. CNG would pay the same excise taxes that are applied to gas and diesel. With enactment of LB876 [SIC] in 2014, this Legislature eliminated the 2 percent payment spe-- specifically for CNG as a vehicular fuel-- fuel. At the time, LB867 was supposed-- was supported by the city of Omaha due to the positive environmental impact on air quality when CNG displaces other carbon-based fuels. LB876 [SIC] also included a sunset date to reinstate the additional 2 percent payment for CNG in state law on January 1, 2020. LB476 would eliminate the sunset date in order to retain the current exemption for CNG. It's important to note that LB476 has no General Fund impact. The only entity with fiscal implications from passage of LB476 will be the city of Omaha. It should be noted that the city of Omaha only lost about \$80,000. I'm sorry, correction, \$8,000 per year in the fast-- past five years as a result of the current CNG exemption. Thank you. I'd be happy to answer any questions.

WAYNE: Any questions from the committee? No questions.

McCOLLISTER: Thank you. Thank you very much.

WAYNE: No problem. Next up, proponents.

RICK KUBAT: Good afternoon, Chairman Wayne and members of the Urban Affairs Committee. My name is Rick, R-i-c-k K-u-b-a-t, Kubat, here on behalf of the Metropolitan Utilities District of Omaha. I want to thank Senator McCollister for introducing LB476. I really just want to add two points in relation to what Senator McCollister testified to. One is right now a gas gallon equivalent of CNG is going for roughly \$1.91. By eliminating the sunset date, essentially what it allows us to do is provide CNG at close to 4 cents cheaper. And that may not seem like too big of a deal, but the door to open the marketplace for CNG is going to be largely driven by large fleet operators. And when they're crunching their numbers and they're looking whether or not they're going to spend the additional dollars for the infrastructure and the vehicles necessary for CNG, they're looking at large volumes. And that 4 cents can actually make a difference on whether or not they're going to have their large fleets like a waste management company or a large fleet operator, whether or not they're going to spend the money to convert to CNG. And then the other thing I just want to reemphasize my favorite part about LB476 is that there's no

Transcript Prepared by Clerk of the Legislature Transcribers Office
Urban Affairs Committee February 26, 2019

General Fund impact to the state's budget. With that, I'm just here to answer any questions that you might have.

WAYNE: Any questions from the committee? Senator Arch.

ARCH: Are-- are you seeing any increase in CNG usage?

RICK KUBAT: That's a good question, Senator Arch. And through the last five years, it's actually gone down. That being said, in the Omaha metro area there's a couple of very large potential projects that are going to be out there in the next couple years and we're expecting it to start gaining more and more momentum.

ARCH: And CNG is all vehicle, right? In other words, that's-- that-- that's the fuel for vehicles. It's not used for other uses.

RICK KUBAT: That's correct and that's the intent of this bill. And the language specifically speaks to compressed natural gas only when it's used for vehicular fuel. So as it relates to this bill, yes.

ARCH: OK. Thank you.

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

RICK KUBAT: Thank you.

WAYNE: Any other proponents?

CURT SIMON: Senator Wayne, committee members, my name is Curt Simon, C-u-r-t S-i-m-o-n. I am the executive director of Metro Transit in Omaha, Nebraska. We are in favor of this bill. Metro recently within the last 12 months acquired 20 compressed natural gas vehicles. We're making a significant infrastructure improvement to our facility and with our partner, Creighton University and a station developer, to have both a public and private fill, a private fill for Metro to use and a public fill across the street, which will add a downtown CNG fill station to the city of Omaha, which we don't have one there currently. Although Metro is a political subdivision exempt from federal and state taxes, this is a fee. So we are subject to the 2 percent fee, as would be any other major fleet operators would like to convert to CNG, a number of which are within reasonable proximity to the Metro Transit headquarters at 2222 Cuming Street. Robert's Dairy, well, not Robert's Dairy anymore. I don't remember what they're called. They're just right up the street, large, large [INAUDIBLE]

Transcript Prepared by Clerk of the Legislature Transcribers Office
Urban Affairs Committee February 26, 2019

operator. They have, have quite a bit of interest in it. So I think this is a-- this is the wrong way to go if we're going to promote clean air. Omaha is-- teeters on this ground level ozone now. We certainly don't want to become a nonattainment city. So I'd answer any questions if you have any.

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

CURT SIMON: Thank you.

WAYNE: Any other proponents? I think it was Highland Dairy just to make sure that I don't get-- I don't want to get you in trouble. Any other proponents? Seeing none, opponents? Any opponents? Anybody in neutral capacity? Seeing none, Senator McCollister, you're welcome to come back. And just for the record, he called it M-U-D, not MUD. I think people who deliver our water should not be called mud.

McCOLLISTER: Thank you, Senator Wayne. And thank you to the committee. Having served on that board for 30 years, they do call it "mud."
[LAUGHTER] But as you can see, this bill would be a very good candidate for the consent-- consent calendar. So I would ask you to move this bill to General File as quickly as possible. Thank you very much.

WAYNE: Thank you. Any questions for the senator? Seeing none, thank you for coming today.

McCOLLISTER: Thank you.

WAYNE: This closes the hearing on LB476. Last but not least, we'll open the hearing on LB445. Senator McDonald [SIC].

TREVOR FITZGERALD: McDonnell.

WAYNE: What'd I say?

TREVOR FITZGERALD: You said McDonald.

WAYNE: [INAUDIBLE]

TREVOR FITZGERALD: There is no "d."

WAYNE: I didn't add a "d."

Transcript Prepared by Clerk of the Legislature Transcribers Office
Urban Affairs Committee February 26, 2019

TREVOR FITZGERALD: Yeah, you did.

WAYNE: [INAUDIBLE] transcript.

McDONNELL: Thank you, Chairman Wayne,--

WAYNE: Welcome to Urban Affairs Committee.

McDONNELL: --and members of the Urban Affairs Committee. My name is Mike McDonnell, spelled M-c-D-o-n-n-e-l-l. I represent LD5, south Omaha. LB445 would require a city of the metropolitan class to provide an annual budget reporting relating to the use of an occupation tax levied and collected. The report shall include but not be limited to (1) the purpose of imposing such tax; (2) the amount of such tax collected; (3) an itemization of how such tax was expended or budgeted to be spent; and (4) the schedule or projected termination of such tax. The bill is simple. LB445 is about transparency and transparency builds trust. There is no reason this information should not be made available to the citizens who are paying for it. Eighteen senators representing legislative districts throughout our state have opted to cosponsor this legislation. During our discussions, the most common question I received was: Why is this policy only good for Omaha and why not adopt this policy for the entire state? I will reiterate that transparency builds trust. And I would-- I would be entirely open to a statewide policy change if it is the preferred policy of this committee. I have provided you with a potential amendment to accomplish this change. It is my understanding that Nicole Fox with the Platte Institute will be here to testify in support of this measure. I have also had conversations with Lynn Rex and Christy Abraham from the Nebraska League of Municipalities in an effort to alleviate potential concerns. As a result, we have agreed that the proposed occupation tax report shall be independent from other budget documentation and that it shall be made available within 60 days after the end of each fiscal year, which does vary by municipality. I believe Christy is here on the League's behalf to further elaborate and testify in a neutral capacity. With that, I'll wrap up my-- my opening and I ask the committee to support LB445 and amendment to LB445. Also there is a zero fiscal note. And I'm happy to try to answer any of your questions.

WAYNE: Any questions from the committee? What-- I guess I'm going to see if there are any questions before I ask a question. What-- this

Transcript Prepared by Clerk of the Legislature Transcribers Office
Urban Affairs Committee February 26, 2019

seems like a commonsense bill. What brought you around to this-- this bill?

McDONNELL: During my campaign two years ago, you're knocking on doors; and, of course, people want to talk about taxes. And one thing that was being brought up was with some of the occupation taxes in Omaha. And I said that I think it's fair for you to know why-- why are we doing this because I'm supporting some of the occupation taxes they were-- they were talking to me about. And I said why are we doing this? How much are we bringing in? Where are we spending it? And what's our projected expiration date? What's with the completion date? I think that's-- that's fair to ask. I think that does-- that transparency does build trust. If we put that out there and the citizens know that when a project is done potentially that money could be moved over for another project, but tell them. Tell them so they know where-- how their money is being spent. And again it's-- it's extremely simple-- just the idea of how much. Why are we doing it? How much, how much? Where do we spend it.? And when are we going to be done with the potential project, why that occupation tax was put in place?

WAYNE: Thank you. And I'm just gonna make a small comment that the reason why I really like this bill is that I think I was-- I mean, I was supportive of a restaurant tax that is no longer going I believe. I think it was sold to us to solve the pension problem of some of the employees, and now I believe it's kind of wrapped up in the general fund. It's nice, I mean you don't have to, but if you would like to respond to that you can. If not, you don't have to.

McDONNELL: And that's why I think with any occupation tax, and using your example as the restaurant tax, that was one tax that was definitely being brought up when I was going door to door. And at one point, you look at the idea was that-- was that restaurant tax going to be able to bring in \$13 million? I'm talking about sometime after 2010. Well, now I believe last year that the restaurant tax hit roughly approximately \$33 million. So again, not saying I'm not supportive of a restaurant tax, but coming back to focus in on why; how much; where are we spending it; and then what is our projected expiration date on that occupation tax or any occupation tax? And it could possibly be it's ongoing. That's OK. Then tell the citizens that. That that expiration date, we don't-- we don't-- it could be 10 years; it could be 20 years; could be 19, whatever that-- that might

Transcript Prepared by Clerk of the Legislature Transcribers Office
Urban Affairs Committee February 26, 2019

be. But-- but make sure you're telling the people that are paying-- paying those taxes.

WAYNE: Any questions from the committee? Seeing none, thank you for being here today. Any proponents? Proponents. Welcome to your Urban Affairs Committee.

NICOLE FOX: Thank you, Senator.

WAYNE: We don't often get to see you here.

NICOLE FOX: I know. It's a nice change of pace. Good afternoon, Chairman Wayne and members of the Urban Affairs Committee. The Platte Institute supports Senator McDonnell's efforts to provide additional information on the use of occupation taxes.

WAYNE: Can you state and spell your name?

NICOLE FOX: Oh, I'm sorry. Nicole Fox, N-i-c-o-l-e F-o-x. This is a commonsense bill and prior to learning that Senator McDonnell has proposed an amendment, that essentially the only criticism to this bill was that we felt that more municipalities should be subject to it and have to disclose this information. Calls for local government transparency are sometimes taken as a personal affront to policymakers. There's always the sense that if you're be-- if you're asking for more reporting you must think that somebody is hiding something improper. We don't see government fiscal transparency that way at the Platte Institute. We think that making this data available and understandable to anyone can help the public and policymakers have the information that they need to better make decisions about local priorities. Taxes are confusing for most people and occupation taxes are particularly poorly understood. In legal theory, these taxes are imposed on businesses but in practice the costs are passed on to consumers. And many taxpayers want more information about how these revenues are used. This is understandable since occupation taxes are an add-on to all other significant taxes we pay in Nebraska. Once added to state and local sales tax and other charges, the resulting tax rates paid on many purchases subject to occupation tax in Nebraska can be among the country's highest. Combined cell phone taxes, which include local occupation tax, are fourth highest in Nebraska according to the Tax Foundation. Restaurant and other occupation taxes can result in Nebraskans paying over 10 percent tax on a meal in some of our communities. In 2012, the 9.5 percent combined tax paid in Omaha at large was ranked the nation's sixth highest among the country's 50

Transcript Prepared by Clerk of the Legislature Transcribers Office
Urban Affairs Committee February 26, 2019

largest cities. Nebraskans deserve to know in plain language how these taxes are being used. It's especially important that taxpayers and policymakers have this data because occupation taxes are increasingly being used for special projects that benefit private developers at taxpayer expense. In many cases, the occupation tax is just one of the state or local revenue sources being accessed for the development. State policymakers also need this information to help inform whether the Legislature should change policies relating to how occupation taxes are levied. Thank you for the opportunity to testify and I'm happy to take any questions if there are any.

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

NICOLE FOX: All right. Thank you.

WAYNE: Any other proponents? Any opponents? Any testifiers in the neutral? Welcome back.

CHRISTY ABRAHAM: Thanks, Senator Wayne and members of the committee. My name is Christy Abraham, C-h-r-i-s-t-y A-b-r-a-h-a-m, here representing the League of Nebraska Municipalities. And we first want to just thank Senator McDonnell for working with us on this bill. I think when you saw who had signed on to this bill we were cognizant of the fact that it may expand beyond Omaha. And so we were grateful that he allowed us to work with him. And I think we have come to sort of an understanding about what we hope this bill will accomplish. So my apologies. I'm sort of repeating what Senator McDonnell said. I just want to make sure it's clear for the record. The League is very comfortable with providing this information. And as we understand the reporting would be, first of all, we would report the purpose of imposing the tax. We would report the amount that's collected each year. In terms of how we would report how the tax was expended, we're happy to say that went to the general fund; that went to the fund that-- for the use that it was designated it to be. We don't believe that cities are going to be able to report to you it was spent on pencils; it was spent on buses. We don't think we can get down that far, but we certainly are able to report to you where that money went in terms of which funds it went into. Finally, we're happy to report when the scheduled termination is of that tax. We do want to mention that most occupation taxes do not have a sunset date. So when you get this report, you will often see no termination. Most of them just don't include that provision so you will most likely see, as I said, a report that says "no termination." The other point I'd like to make is

Transcript Prepared by Clerk of the Legislature Transcribers Office
Urban Affairs Committee February 26, 2019

and, again, Senator McDonnell was so gracious to hand me the amendment that I believe you have all received; and I haven't had a lot of time to review it. But the League would strongly encourage this report to be separate from the budget process. We have some concerns that that may make this report more difficult for some communities, particularly our smaller communities. So we would ask if the amendment could be clarified to say this is a report that the city is happy to produce. It will be available as a public record. And that we would get it available like 60 days after our fiscal year begins. So with that as the understanding as to what this bill would do with the amendment, the League would not oppose this legislation. And again we want to thank Senator McDonnell and his staff. We're very grateful.

WAYNE: Any questions from the committee? Seeing none, I have one question. Oh, Senator Lowe.

LOWE: Thank you, Chairman, and thank you, Christy, for coming today.

CHRISTY ABRAHAM: Sure.

LOWE: So the report would be viewable then, say, on the web page of the city or something like and easily accessible by citizens.

CHRISTY ABRAHAM: Yes. Yes. And I apologize, Senator Lowe. I know you're so tired of me saying this to you over and over. Most of our communities have Web sites. Some of our little smaller friends do not. So that would be more of a situation you'd have to make the request to the clerk. Say, you know, can I see your report on occupation taxes? But, yes, I think for most communities, certainly Kearney, Gibbon, all of your sophisticated constituents, no problem to put it on the Web site.

LOWE: OK. Thank you.

CHRISTY ABRAHAM: Sure.

WAYNE: That was where my question was going. I was going to say that I remember the superintendent act, transparency act that Nordquist did calls for either in a publication readily available or on their Web site. It gave different options for the superintendent.

CHRISTY ABRAHAM: Sure. And we would certainly be open to language something to the effect of if the municipality has a Web site to publish it on that Web site. That's not a problem.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Urban Affairs Committee February 26, 2019

WAYNE: All right. Thank you.

CHRISTY ABRAHAM: We just have to protect our little, as Lynn Rex would say, our little Paducahs so.

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

CHRISTY ABRAHAM: Thank you so much.

WAYNE: Any other testifiers in the neutral? Seeing none, you're welcome to close, Senator McDonnell.

McDONNELL: I will go quickly knowing that I'm the last bill standing between you and going home so. The idea that the amendment definitely going from metropolitan class to municipalities throughout the state. The other amendment that I talked about a little bit in my opening was the-- the 60-day idea to give those people a chance. We don't want them to burn the midnight oil. But within that 60 days they'd have to let us know again, you know-- you know, why; how much; where we're spending it; and also what is the projected expiration date. And-- and the idea of also if we-- if we had a occupation tax, let's say it was for the library, we're not getting to the point where you had to say you bought these 100 books for the library, name the books. We're not-- that-- the bill's not trying to do that. We're just saying that where did the money go? Well, went into the general fund or it went into the streets department or it went into the library. And at that point, I believe that the people would-- would have more of an understanding how their money is being spent. And again, transparency builds trust and that's what we're trying to do with LB445.

WAYNE: Senator Arch.

ARCH: Do-- do you think most of the reports are just going to say it went into the general fund?

McDONNELL: I-- I most-- most likely at the beginning.

ARCH: Yeah.

McDONNELL: But I think also I think there's a potential where they'll take a deeper look and say, you know what? Maybe we should start getting a little bit more detailed. Now again some have sunsets on it. I think sometime-- you know, again, the idea of projecting an expiration date, projecting an end date that can change year to year,

Transcript Prepared by Clerk of the Legislature Transcribers Office
Urban Affairs Committee February 26, 2019

you know, in their annual report because, again, there's going to be certain things that change during that-- that-- that budget process. But I think it probably will start off like that, but I'm hoping that it gets more detailed.

ARCH: Perhaps with more questions and all of that [INAUDIBLE].

McDONNELL: Yeah.

WAYNE: Any other questions? Seeing none, thank you for being here.

McDONNELL: Thank you.

WAYNE: And that will close the hearing on LB445. That concludes--