

McKINNEY: Ready? All right. Good afternoon. Welcome to your Urban Affairs Committee. I am Senator McKinney from Omaha, representing District 11, and I serve as the committee chair. The committee will take up bills in the order posted. The public hearing is your opportunity to be a part of the legislative process and to express your position on the proposed legislation before us. If you're planning to testify, please fill out one of the green testifier sheets that are on the table at the back of the room. Be sure to print clearly and fill out completely. When it's your turn to come forward to testify, give the testifier sheet to the page or the committee clerk. If you do not wish to testify but would like to indicate your position on a bill, there are also yellow sign-in sheets on the back table for each bill. These sheets will be included as an exhibit in the official record. When you come up to testify, please speak clearly into the microphone, tell us your name, and spell your first and last name to ensure we get an accurate record. We will begin each bill hearing today with the introducer's opening statement, followed by proponents of the bill, then opponents, and finally, anyone speaking in the neutral capacity. We will finish with a closing statement by the introducer, if they wish to give one. We will be using a five-minute light system for all testifiers. When you begin your testimony on the-- on, on the-- when you begin your testimony, the light on the table will be green. When the yellow light comes on, you'll have one minute remaining, and the red light indicates you will need to wrap up your testimony and give your final thoughts. Questions from the committee may follow. Also, committee members may come and go during the hearing. This has nothing to do with the importance of bills being heard; it's just a part of the process, as senators may have bills to introduce in other committees. A final few items to facilitate today's hearing. If you have handouts or copies of your testimony, please bring up at least 12 copies and give them to the page. Please silence or turn off your cell phones. Verbal outbursts or applause are not permitted in the hearing room; such behavior may, may cause you to be asked to leave the hearing room. Finally, committee procedures for all committees state that written position comments on a bill to be included in the record must be submitted by 8 a.m. the day of the hearing. The only acceptable method of submission is via the Legislature's website at nebraskalegislature.gov. One position letters-- written position letters will be included in the record of the official hearing, but only those testifying in the-- in person before the committee will be including in the committee statement. I will now have committee members with us today introduce themselves, starting at my right.

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Urban Affairs Committee February 24, 2026
Rough Draft

J. CAVANAUGH: Good afternoon. John Cavanaugh, District 9: midtown Omaha.

CLOUSE: Good afternoon. Stan Clouse, District 37: Kearney, Shelton, and Gibbon in Buffalo County.

ROUNTREE: Good afternoon. Victor Rountree, Bellevue and Papillion.

QUICK: Dan Quick, District 35: Grand Island.

McKINNEY: Thank you. And also assisting the committee today, to my right is legal counsel Elsa Knight, and to my right, committee clerk Sally Schultz. Could the pages introduce themselves?

KYANNE CASPERSON: Hi everyone. My name is Kyanne, and I'm a fourth-year sociology major at the University of Nebraska-Lincoln.

THOMAS GUINAN: I'm Thomas Guinan, and I'm a third-year political science major at Nebraska.

McKINNEY: Thank you. With that, we will begin today's hearings with LB1113 [SIC]. Senator Kauth.

KAUTH: 34.

McKINNEY: Oh, LB1134. My bad.

KAUTH: Good afternoon, Chair McKinney and Urban Affairs Committee. I want to first say thank you very much for everyone who's shown up to testify. Introducing this bill is really a means of me finding out more information about this topic, getting people to show up and, and help figure out how to make building codes and building houses more affordable for everyone. So, with that, good morning, chairperson, and members of the Urban Affairs committee. My name is Kathleen Kauth, K-a-t-h-l-e-e-n K-a-u-t-h, representing District 31, and I'm here today to introduce LB1134. Nebraska's currently facing a significant housing crisis. For many young families, first-time home buyers, and even our workforce, the dream of home ownership is slipping out of reach. Not because of a lack of desire, but because of a lack of affordability. One of the primary drivers of this increasing cost is a regulatory cartel of ever-updating and

increasingly-stringent building codes that add thousands of dollars to the price of every new home. LB1134 addresses this affordability barrier directly by providing essential limitations on state and local building, electrical, and energy codes. This bill seeks to streamline our standards by adopting proven cost-effective additions of the International Residential Code and National Electrical Code. It introduces critical accountability by requiring independent third-party evidence that code updates are strictly necessary for safety, while preventing local jurisdictions from enforcing stricter codes and state standards until 2031. By reducing unnecessary regulatory hurdles, we can lower construction costs and ensure safe, affordable housing for Nebraska's families. I realize there are many groups with a vested interest in the, the more expensive updates, and I'm more than happy to work with any group to find common-sense solutions that will help us lower the cost of building houses. And that's what I hope to do over the interim: take the results from this hearing, work with all of the groups who are involved, some of my fellow senators as we've been discussing over there on the side, to figure out how do we put some restrictions in so that building homes is not so expensive, so we can give more people the opportunity to purchase one. And with that, I would be open for questions.

McKINNEY: Thank you, Senator Kauth. Is there any questions from the committee? Senator Clouse.

CLOUSE: Thanks, Senator McKinney. Thank you, Senator Kauth. As I was looking through this, you go back to the 2009.

KAUTH: Yeah.

CLOUSE: Any, any particular reason why you went back? 2018 is kind of a--

KAUTH: More as a starting point to say, OK, what was, what was going right in 2009? What needed to be changed? Why did we move to 2018? Literally, it was just-- let's start here and see what happens. And that's, that's what most of this bill is; it's let's starts somewhere and see why we've made the changes we have and what parts of that we should keep, because there's going to be lots that we should be keep. But what parts of those were not necessary?

CLOUSE: OK. So, do you have a problem with the, with the 2018, because that's where most of them are at now?

KAUTH: No, no. The-- and, and that's, that's-- I don't, but--

CLOUSE: OK.

KAUTH: --some of the people who are coming to testify may have things that they know about in the 2018 that do add to the cost without substantially adding to the safety.

CLOUSE: Then you amend it out, maybe to 2018?

KAUTH: Right. So, so that's, that's why we started a little bit before, because that is-- when you start counting in decades, that gets to be a lot, so.

CLOUSE: Thank you.

KAUTH: Thank you.

McKINNEY: Thank you. Other questions? Senator Rountree?

ROUNTREE: Thank you so much, Chairman McKinney, and thank you Senator Kauth for bringing the bill. We've talked a little bit earlier, but just listening to your opening and looking at where you want to go during the summer. So, is the purpose of this bill now just to have discussion as we have?

KAUTH: Yes.

ROUNTREE: Just discussion? OK.

KAUTH: Very much so. Absolutely. This-- again, wouldn't-- and you know, when you introduce bills, you don't often know what you don't know.

ROUNTREE: Yeah.

KAUTH: And with something this substantial, because it's got so many moving parts, every discussion I have, I think OK, well now we're going to have to invite this group to the table. So, this is me trying to figure out who needs to be at that table,--

ROUNTREE: OK.

KAUTH: --who really can give us the information that we, we need? Again, keeping safety in mind, but also making sure affordability is there. So, this is the start of the discussion, so. And if you want to work with me over the summer, I'd be happy.

ROUNTREE: Oh, I'm still in the housing areas.

KAUTH: Alrighty.

McKINNEY: Thank you. Other questions? No? Thank you.

KAUTH: OK.

McKINNEY: I welcome up the first proponent.

JUSTIN BRADY: Senator McKinney and members of the committee, my name is Justin Brady, J-u-s-t-i-n B-r-a-d-y. I appear before you today as the registered lobbyist for the Nebraska Realtors Association, for the Nebraska State Home Builders Association, and for Habitat Omaha in support of LB34 [SIC], and we want to thank Senator Kauth for looking at this. As many of you on the committee may recall, I've shown up here multiple times when you've had code bills, usually as an opponent, because we're looking at what's the rising cost. I guess we look at it this way: this is maybe some of the building industry, especially the industry that looks at affordable housing, going more on the offensive. Instead of just coming to you and saying, no, let's not update, let's do take a step back and say, are there pieces? It's not going to be everything. I agree with Senator Kauth, so we are not-- it can't just be a blank slate to go back. But are there some things that could be rolled back that would help lower costs? And, you know, the home builders fully understand there's a number of groups that benefit when codes are updated. You know, whether that's individuals that sell the codes, whether that's individuals that do seminars on the codes. You know, those who do the additional work, whether it's the manufacturers who make the additional products, any inspectors. The home builders are not opposed to them being part of the business world and making money, no different than the home builders in this for making money. But what the rub becomes is at what point should the state policy be let's help individuals advance those goals over the goal of low-income housing? And at what point is that tipping point? I don't know, but I think that's what Senator Kauth, in our discussions with her, is

looking at is, is there a way to provide a balance between encourage people to have safe, affordable homes, businesses to make money, but not state mandates that are driving the cost up unreasonably? So with that, I'll try to answer any questions, Senator.

McKINNEY: Thank you. Any questions from the committee? I got one. Well, a few. Before the-- before we got to the 2009 codes, how long before that change happened?

JUSTIN BRADY: I want to say it was about five years, if I think off the top of my head. Kind of a rolling three years, I think, is what they've looked at as a national standard that comes out. If I remember right, you have the 9, the '12, '15, '18. So I don't-- I think it was probably we had the 2003, and then jumped to the 2000-- if I remember, Senator. I'm sorry, I'd have to go back and--

McKINNEY: OK.

JUSTIN BRADY: It's not an immediate deal that we jump to anyway.

McKINNEY: Yeah. And between '09 and '18, what was the gap?

JUSTIN BRADY: I'd have to go back and look again. It was a while.

McKINNEY: OK.

JUSTIN BRADY: I mean, it's not some-- like I said, it's something that I think both from the building industry standpoint and even the inspectors, you know, they-- everybody's-- you have this international code comes out and everybody then has to take time to figure out what actually is in it. And what does that-- how does that impact the builders? How does that impact inspectors? How does it impact whether or not the products are even available in the market?

McKINNEY: What percentage of the codes do you think impact costs?

JUSTIN BRADY: I would say less than 10 percent. I mean, I'm, I'm thinking, like, an example is the state electrical code that was just updated a couple of years ago. I mean, hundreds of pages of codes. There were four items in there of the whole hundreds of

the pages that were really the debate on whether or not they added cost and whether or not the safety was additional to the cost. So, I-- a very small percentage of the codes, yes.

McKINNEY: All right, thank you.

JUSTIN BRADY: You bet.

McKINNEY: Senator Clouse.

CLOUSE: Yes, thank you, Senator McKinney. So, when you look at these codes, is there, like, an index saying on 2009, just like you mentioned, this is what the code, these were good things, these were things that, that changed? So that you can just have a quick-- OK, these all the things that have been done since then, or things have been amended back in the code or out, what-- whatever. How--

JUSTIN BRADY: I think that's some of the work that--

CLOUSE: It's a huge task.

JUSTIN BRADY: --needs to be done, at least, you know, from our standpoint, I can go back and work with the, the home builders on every-- all those-- every time there's been those codes, there's usually those two to four items that have been identified as the key cost drivers. And yes, we can go back, and at least on that. Not the whole code, because Senator McKinney and I were talking-- I mean, most of it is truly just updating, and that moves on. It's identifying those handful of items over the last 10 years, 15 years that drove the cost up, and do we still need them? Are they needed? And some changed. Some of them, you know, 2009 code may have been a bad code, and some of those issues were addressed in 2012 and became better from, from a cost standpoint.

CLOUSE: And then you can bring it down, energy efficiency versus safety.

JUSTIN BRADY: Yes.

CLOUSE: Thank you.

McKINNEY: Thanks. Other questions? No? Thank you.

JUSTIN BRADY: Thank you.

McKINNEY: Next proponent.

ADAM FLANAGAN: Good afternoon, Chairman McKinney, members of the Urban Affairs Committee. My name is Adam Flanagan, A-d-a-m F-l-a-n-a-g-a-n, and I'm here on behalf of the Welcome Home Coalition. As you've heard me say numerous times this session, Nebraska is facing a serious housing shortage. Not because demand is weak, but because we have not built enough homes to keep up with the population growth, and we have not built enough affordable homes to keep up the population growth. And when supply is this constrained, cost matters, and regulations are a major driver of that cost. Research from the National Association of Home Builders shows that government regulations account for about 24 percent of the price of a new single-family home. Here in Nebraska, estimates suggest that regulatory cost is actually closer to about a third. Even small increases have large consequences. For every \$1,000 increase in home prices, hundreds of households are priced out of the market. Rolling back the building standards is a practical step that would reduce costs while maintaining proven safety. Homes built to the 2009 code are not unsafe; they are the homes that thousands of Nebraskans live in today. When supply is this tight, every additional requirement can determine whether a project moves forward or never gets built at all. Nebraska also has an aging housing stock. About 60 percent of homes were built before 1980, and one in five before 1939. When new construction becomes too expensive, families cannot move into newer homes, seniors cannot downsize, and young families cannot enter the market. That bottleneck drives prices up for everyone. Rolling back to standards would reduce construction costs, encourage development of entry-level homes, increase supply more quickly, improve affordability without taxpayer subsidies, and maintain reasonable safety protections. This proposal does not eliminate building codes; it restores a balanced standard that Nebraskans successfully used for years. Housing affordability directly affects whether teachers, first responders, nurses, and young families can live in the communities they serve. If current trends continue, homeownership will increasingly move out of the reach for middle-income Nebraskans. We cannot regulate our way out of a housing shortage. We must remove barriers to building. Rolling back the building codes is a meaningful step toward restoring attainable housing while maintaining common-sense

protections for homeowners. Thank you for your time, and be happy to answer any questions.

McKINNEY: Thank you. Any questions from the committee? Senator Rountree?

ROUNTREE: Thank you so much, Chairman McKinney. And thank you so much, Mr. Flanagan, for being here.

ADAM FLANAGAN: Again.

ROUNTREE: Again. No, it's good. We're learn as we go. So, just a basic question. I, I want to ask one later about FEMA and reimbursements and codes, where those are. But that's not my question here. As you have looked at the bill, you looked at particular codes that we might roll back, looked at the cost of building a home, and if you applied the rolled-back code into that cost, let's say on an average \$250,000 home. If you rolled that back at whatever number you might have used, how much of a reduction and a savings would we have with the rolled-back codes that are proposed here?

ADAM FLANAGAN: We can save at least 10 percent,--

ROUNTREE: 10 percent?

ADAM FLANAGAN: --depending on which codes we're able to roll back. There's certain of the more recent codes for sure that have drastically increased costs, and we've looked at those. We've looked at them on a townhome basis, and we also looked at it on a single-family home basis. The townhomes are probably closer to that \$250,000 mark, and then the single-families, you know, probably 325, you know, 340. We can reasonably expect at least 10% if we roll it back. And again, I, I-- we agree with-- at Welcome Home, with Senator Kauth that codes are good. We need signif-- you know, most of those codes need to stay in place, but there's definitely certain codes to look at that add a lot of cost without adding a lot of safety, and those are the specific ones that we want to spend the time to, to really drill down on and, and maybe carve some of that stuff out to ensure that we can, you know, keep the cost of home building, you know, as low as possible in this, you know, specific time period.

ROUNTREE: OK. All right. Thank you. Appreciate that.

McKINNEY: Thanks. Other questions? No? Thank you.

ADAM FLANAGAN: Thanks.

McKINNEY: Next proponent.

NICK DOLPHENS: Good afternoon, Chairman McKinney, and the Urban Affairs Committee. Nick Dolphens, N-i-c-k D-o-l-p-h-e-n-s. I'm a home builder and developer in the Omaha area for the last 22 years, and I'm proponent to this bill because it's using a lot of the strategies we see nationwide that states are starting to implement to push back on the assumption that we need all of these code changes all of the time, and we can't question any of them, because the entirety is required for the safety of our families. We're getting wise to that, and we're starting to push back. Safety is a hard thing to push back on because we all have children and grandchildren, and we care about safety a great deal. But the reason 2009 is used often is because that's when the, the code cost started growing exponentially. The National Association of Home Builders has some pretty good studies on that. So, it's, it's a point where a lot of people feel the codes got commercialized and a little bit politicized. Manufacturers-- we've seen in this room, manufacturers will send their representatives to push for the entirety of the code. It's products that we have to start implementing, and there's people benefiting from that. So, I'm glad other states are looking at that hard and have implemented bills, and I'm glad that we are starting to do the same. I had-- do have-- noticed a lot of really smart people in the room. I know there's some proponents and opponents, and I think it'd be interesting to get them together and talk about what's right for Nebraska, because I'm sure this, in its entirety, has a good starting point, as Senator "Klauth" has said. I am a firm believer we need a bill of this sort. I talked to a very well-respected building official who says this is grounded in great principles; he would change two things. So, I have no doubt that some things need to be changed, but that'd be a very interesting and timely and important conversation for us to have as an industry. And then, some states require that. Before they make any changes, they require the industry professionals to meet and decide what's right for their state before any new cost gets added. And that's what's exciting for me, is turning that around. Rather than us having to fight every three years in Nebraska for-- tooth and nail for every single dollar to not be mandated, we're going to

take a conscious look at it like some states are, so. Open to any questions you might have for me.

McKINNEY: Senator Clouse.

CLOUSE: Thank you, Senator McKinney. Thank, thanks for being here. A question I have, as you mentioned, other states, how they have these committees that look at these things before they implement them. So, what do we do in Nebraska? Is it just the state agency says this is what we're going to-- this is what it is? Or do we have a group that does that too and says we're going to amend this out?

NICK DOLPHENS: Yeah, that's a good question. This right here is what we do in Nebraska, where, you know, we have to mandate-- we have a law that the code has to be adopted every three years, which I think has made it more expensive in Nebraska than most states because we have not blindly, but more blindly than other states, just accepted the fact, oh, here's another thousand-page book we have to follow. And you guys are so busy, I don't blame you, you don't have time to dig into every single line item that we barely have time for. But that-- sending it to a side committee and having a conversation about pros and cons, I think, is a-- would be a great step in the right direction.

CLOUSE: OK. Thank you.

McKINNEY: Senator Rountree.

ROUNTREE: I'm just doing a little research as I'm here. You said from someone you respect, that they would change two things, I think, in your testimony.

NICK DOLPHENS: Yeah.

ROUNTREE: What would those two things be, if you don't mind
[INAUDIBLE]

NICK DOLPHENS: Yeah, he mentioned there was something in the 2009 code with brace wall protection that he felt was important. He's gone out on some tornado jobs and, you know, has seen specific measures that, quite honestly, I don't think add a ton of cost.

ROUNTREE: OK.

NICK DOLPHENS: And then, he had one other thing, and it was one energy code thing he thought was definitely not needed, but another one that he said would be needed.

ROUNTREE: OK. I remember in a prior hearing we talked about that wrap around the house and so forth, that we found out all it was doing was creating mold--

NICK DOLPHENS: Yeah.

ROUNTREE: --and things of those codes got removed--

NICK DOLPHENS: Yeah.

ROUNTREE: I mean, as we were upgrading, so. And also, I see here it says at least four to six states have explicitly moved to roll back, pause, or weaken recently-adopted any deficient codes. Other states are doing so it, seems like there's something there. So, I was trying to see who was next to us--

NICK DOLPHENS: Yeah.

ROUNTREE: That's doing-- that would seem like something that's would--

NICK DOLPHENS: Right. Quite a few states in the Midwest, too, which is important to look at because it's similar climate issues and all of that.

ROUNTREE: OK. Thank you.

NICK DOLPHENS: Yeah, you bet

McKINNEY: Thanks. Other questions? No? Thank you.

NICK DOLPHENS: Mm-hmm.

McKINNEY: Next proponent. I welcome up the first opponent. Proponent?

STEVE JANICEK: Hi. Steve Janicek, S-t-e-v-e J-a-n-i-c-e-k, and I'm president of the Metropolitan Omaha Builders Association, MOBA, and I also work for a local home builder in Omaha. I'm here today in support of LB1134. It's about consistency and predictability. It sets a clear state standard for baseline

building, energy code, electrical code, and it's using a national recognized standards, that's the building code. Right now, the different communities sometimes adopt different codes, and, and also different amendments from what they-- is, is required by the state. When that happens, it increases costs; builders may need to have different designs, different material, and different inspections in each city that they build in. Subcontractors have to adjust for job to job, and plans have to be revised. So, all this time and expense also adds to the costs that's passed on to the homebuyer. The temporary pause in-- to the 2031 on stricter local updates provide stability. It gives state Legislature time to review the code changes and how it affects affordability, economic growth, and public safety before the requirements are added, so we kind of get a chance to look at that. It's not about lowering the standards, it's about taking a thoughtful and measured approach to this. We understand that building codes are, you know, they, they matter. So, safety and local concerns are important. We are here not to weaken any protections, but we're here to support a balanced system. And I also want the committee to know I'm willing, and we are willing, to work with the senators and stakeholders on amendments if needed. As, as we said, this is a beginning point. I believe a calibration-- collaboration between the-- between everyone, it'll turn out a better bill than where we're at. So, I am here, respectfully ask you to advance this bill, and thank you for your time, Senators.

McKINNEY: Thank you. Any questions? No? Thank you. All right. Are there any other proponents? Opponents.

DAVID HOLTZCLAW: David Holtzclaw, D-a-v-i-d H-o-l-t-z-c-l-a-w. 5005 Chicago Street, Omaha, Nebraska. Thank you for allowing me to speak. We all want more affordable housing. Nobody wants cheap homes. The codes are an easy, convenient thing to bash because they're challenging, they're complicated, they're technical. It's an easy target. The subject is where it gets complicated, and it's easy to point as a boogeyman. The previous proponents, one of them cited National, National Home Builders Association. Someone else cited, they guessed it was 10 percent increase in costs for new homes. On the second page, you see a table. This is published by the National Home Builders Association in 2024. You, you should have that table. So, this elephant has been around and around that the codes are driving the cost of home building. This is not true, this is far from the truth. Yes, obviously, you go to a new code that will

increase the cost of home-building, but they are far from the main drivers. On this table-- this was published in 2024 from National Home Builders Association-- it breaks down the cost of a new single-family homes nationally. From-- for construction, lot, lot evaluation, business costs, OK? As you can see in a box for the building permits and costs, that represents 1.8 percent of the cost of home based on a National Home Builders Associates [SIC], based on their data. What else is costs? You notice in the second box painting. Painting costs 2.6 percent of the cost of construction. Trim, doors, and mirrors cost 3 percent of construction. It's not the codes. What are the driving parameters? There's a lot of them. Lot size and lot cost, 13.7 percent; business activities, marketing, sales, commissioning, 21.9 percent; finance-- "financation" of housing, zoning issues, lack of missing-middle, material and labor cost increases, supply chain delays, lack of adoption of, of current technologies like prefabrication which has been shown to cut costs about 30 percent; development of 3D planning tools, which helps makes it easier to build and cuts waste and materials. "Dozertation" of estimates and procedures, lack of site "coordinization," poor trade coordination, lack of quality control, interest rates, uncertainty in the markets. All these factors are part of the cost of increasing cost of housing. There are literally 50 items that have a larger impact on the cost of a housing than the building codes. So, this is complicated, this will take time. Codes aren't the, aren't the answer. Oh, lost my piece of paper. Sorry. Excuse me. Building codes are not the main driver. They help provide safety, fire protection, wind resistance, structural soundness. They cause-- the real cause is policy, zoning, land costs, construction. The argument that housing should-- we should lower standards and costs is an argument of a transfer from the costs and the risk of a construction from the construct-- from the builder or developer to the buyer. That's it. Another couple of quick issues is that this bill limits the control of local jurisdictions. They cannot make any changes till January 1, 2023-- 2031, excuse me. Sorry. So, that limits local communities from being able to make just the "changements," which is very important to our rural communities. And that's all I have, and I'll answer any questions. Thank you.

McKINNEY: Thank you. Any questions from the committee? Senator Rountree?

ROUNTREE: Thank you so much, Chairman McKinney, and thank you so much, sir, for being here, and your testimony. As I'm looking at this, this is a \$665,000 house, 2,647 finished square feet. During the summer study that will be coming forward with Senator Kauth, are you willing and available to be able to come and to share--

DAVID HOLTZCLAW: Sure.

ROUNTREE: --as they work everything out?

DAVID HOLTZCLAW: Yeah.

ROUNTREE: OK. Thank you.

McKINNEY: Senator Clouse.

CLOUSE: Yes, thank you, Senator McKinney. Thank you for being here. As I look on the chart, there's a lot of things down here. You had some in the boxes, but I see a lot things that weren't highlighted that are higher percentages. For example, the-- all the plumbing, all the electrical, HVAC, but that's like 18 percent there. So granted, not all of that changed. And I think there's a lot, and I have to read all this [INAUDIBLE]--

DAVID HOLTZCLAW: Sure. I was afraid I didn't have enough time to go into all the-- there are a lot of places where we can cut costs and improve affordability. Lowering our standards, creating subpar housing is not-- should not be one of them.

CLOUSE: Yeah. And I look at, well, how much-- and we've talked about this in past meetings-- changing the R-value in insulation, and does-- what does that gain you? You know? And so there's always that discussion, you know, how, how far do you want to go with everything? I guess that's always the question. But--

DAVID HOLTZCLAW: So, in response to that, in terms of the building codes, if we go back to 2009, you're going to increase utility costs of the average Nebraskan anywhere from \$191 to \$331 annually. Annually. \$191 to \$331 annually for the average utility cost for the average Nebraskan. So, that, over time, there's your tradeoff. For a few pennies early on. The energy code is a little bit more complicated because it also has a lot of building science. So, it's where you're doing your moisture

control, it's where your doing your sound control, you're doing acoustics. The energy code has a a lot those in too, which we-- I'll talk more about at 227-- LB1227, sorry.

CLOUSE: Thank you.

McKINNEY: Thanks. Other questions? No? Thank you. Next opponent.

CHRIS BRESEE: Good afternoon, Chair McKinney and colleagues. My name is Chris Bresee, C-h-r-i-s B-r-e-s-e-e. I'm here with the National Electrical Manufacturers Association. We represent more than 300 manufacturing companies of electrical products; you may have heard us mentioned in some previous testimony. But we are here in support of building codes and due to our support, strong support for the triennial building codes, we are opposed to LB1134 as written, though we're very thankful to Senator Kauth for starting a conversation. Happy to be involved as need be. From our perspective, we believe strongly in model building codes. We believe that this would be a step backwards in terms of safety and efficiency standards, which help protect Nebraskans and provide efficient and affordable homes. Building codes are developed through an open process. Many of those both in support and opposed to the bill today are involved in the building code development process. That doesn't mean that Nebraska can't make adjustments, can't meet further to discuss the specifics of the, the building codes, but they are an open process, and we encourage everyone interested in building codes to get involved in that process. They-- the-- stripping back to the 2009 building codes would very negatively impact long-term energy costs for homeowners. It undermines local decision-making under this bill, and it disrupts local economies by preventing more modern adoption by localities. Restrictions and rollbacks of codes will create compliance conflicts as well, and require that municipalities abandon their process, causing some more confusion for stakeholders. So, for those reasons, we do think this is not the right approach to addressing some of these issues, but we do take housing affordability very seriously. National model building codes provide the blueprint and are meant to be a minimum; they guide minimum safety and performance standards for homes, which allow occupants to live and operate in a safe and optimally-performing environment. Model building codes also allow for the latest advancements in safety, efficiency, and resiliency in building, and they are developed through that open process we encourage everyone to be involved in. They drive innovation and improvement, improve quality of

life. They're led often by the ICC, the International Code Council, and then the NFPA. And they are revised every three years, not to slowly march towards more costs, but in fact to make these changes more marginal and to make them more accessible so as they are adopted, it is less of a jump for builders, for homeowners, for those in the state. So, we see restricting the codes, putting them back to 2009, making it all the more difficult to adopt more modern codes when it is necessary. So, with that, we also want to note that energy efficiency specifically, as it relates to the IECC, does reduce Nebraskan energy bills. We are in a time where energy demand is climbing. We are going to continue to see demand, demand climb, and we think that it would be a mistake at this time to potentially raise the bills of those in this state. We have studies we can cite as well that show that it is a marginal upfront cost for Nebraskans specifically to adopt the 2021 IECC, for example, from the 2018, and that it pays itself back in just a small number of years. With that, we support safe, efficient, and affordable home ownership. We do oppose this legislation as currently written, but look forward to further conversations with Senator Kauth, members of the committee, and whoever else is involved in this process from a stakeholder perspective. And we do ask that this bill not move forward in its current state, but are happy to speak with anyone on this committee or otherwise at their convenience. Thank you.

McKINNEY: Thank you. Any questions? No? Thank you.

CHRIS BRESEE: Thank you.

McKINNEY: Next opponent.

JEFF McCASLIN: Good afternoon. My name is Jeff McCaslin, J-e-f-f M-c-C-a-s-l-i-n, and I'm here on behalf of ASHRAE, which is the American Society of Heating, Refrigeration and-- Refrigerating and Air Conditioning Engineers. ASHRAE is a technical and professional society that advances heating, ventilation, air conditioning, refrigeration, and allied fields. Our more than 55,000 members include over 400 members here in Nebraska. I'm a member of this Nebraska chapter, and I'm an engineer with 20 years of experience in building, in building heating systems. I've been a resident of the Omaha area for the last six years. I'm a graduate of Broken Bow High School and of the University of Nebraska here in Lincoln, where I got my mechanical engineering degree. That being said, I'd like to start by

wishing you all a happy E-Week; it is National Engineers Week this week and I am happy to celebrate it here with you, and I know there's some other engineers here as well. A couple of weeks ago, I was here for the proclamation ceremony for E-Week, where I spoke about engineering as a profession, and had a focus on how in engineering we're always improving and always learning, where you don't get your degree and now you've learned everything. You're-- there's always new technology to learn, new, new tricks to put in your, in your playbook. And energy codes are a lot like that. You know, we-- every time we update energy codes, we think we've come up with the best thing, but there's always ways to improve, always ways to make homes and commercial buildings safer and better. So, with that in mind, I'm here to speak in opposition to LB1134. This bill would prohibit any Nebraska community from enacting an energy code beyond the 2009 IECC standard or the 2009 International Residential Code, putting the energy code statewide nearly two decades out of date. This struck me because not only are we suggesting to roll back the energy code, we're actually saying that Nebraska communities cannot elect on their own to follow a higher standard; that the residents of Kearney or Grand Island or Broken Bow, where I went to high school, couldn't say, "You know what? We like this energy code, and we'd like to keep it." I think that's-- it's, it's important to, to not take away that freedom from the, the municipal level. Nebraska's commercial energy code is based on the IECC, which I mentioned, and that is part of that written as ASHRAE's commercial "binergy"-- building energy Standard 90.1. ASHRAE writes part of those codes ourselves. These national codes are updated every three years, and each new addition delivers greater energy savings while still remaining cost-effective. With each new edition, we receive moderate energy efficiency gains at a very small cost. This means that every successive addition requires less energy to heat and cool our commercial and residential buildings. My grandpa used to say, "How do you eat an elephant? One bite at a time." Right? And so, that's what happens with these energy codes, is we incrementally improve, get a little bit better efficiency, making homes a little bit safer every, every time, and that, that helps drive innovation and safety standards. According to one study going from 2004 to 2019 on energy standards, we saw an increased energy efficiency in homes of 36 percent. So, if we're getting a few percent every year, it adds up quite a bit over time. If this particular bill passes, it would not only prevent future updates to the next and more efficient edition, but it would roll the code all the way back to 2009, erasing one of the state's most effective tools for

reducing energy costs. Buildings would be constructed to outdated standards, and customers would see higher utility bills. Ultimately, Nebraska citizens face higher costs when outdated codes are used, creating inefficient buildings that cost more to make them comfortable, even with added heating and air conditioning. When we're talking about safety, we can talk about community safety, and by that I mean grid resiliency. When we're using less energy in our homes and our buildings, that's less energy that needs to be produced. A large amount of electricity is lost in transmission, and so for-- that means for every kilowatt that you're using in your home, there's probably eight-- four to eight kilowatts generated at a, at a power plant. And all our-- most of our power plants are fueled using out-of-store resource-- out-of-state resources. Creating more efficient building homes keeps more money in Nebraska. A Department of Energy analysis found that the average homeowner in Nebraska with a home built to the 2021 version of the code would see an average reduction of \$159 annually on the utility bills. Instead of staying on track with code updates to ensure that Nebraska residents see those benefits, this legislation would leave residents with less money in their pockets and living in homes that are less resilient to extreme heat, extreme cold, lengthy power outages, and other risks. When we have an outage, when we lose power, when we lose fuel, buildings built to updated codes stay safer longer, with better insulation and, and better building practices. I'd also like to note that code adoption drives innovation from manufacturers. When we ask more from our manufacturers, when we ask for better efficiencies and better products, we end up driving that innovation, and, and, and competition keeps those prices down. As far as affordable homes, I think anybody can relate to buying your first home, and who-- anybody who's ever bought a home can say I wish I'd known this when I did that. For example, when I bought my first home, when my wife and I got married,--

McKINNEY: Can you--

JEFF McCASLIN: --we realized-- oh, I'm out of time?

McKINNEY: Yeah.

JEFF McCASLIN: It was an adorable story about plates not fitting in the, in the cupboards, but we can leave that for another time. ASHRAE does not support this bill. Thank you for your time, and I'd be happy to ask-- answer any questions.

McKINNEY: No problem. Thank you. Senator-- any, any questions?
Senator Clouse.

CLOUSE: Yes, thank you. You know, I was listening to you until
start talking about line losses, and I'm going to have to call
you on that.

JEFF McCASLIN: OK.

CLOUSE: Utilities know exactly what their line losses are;
transmission, subtransmission, distribution, and I just, I just
had to see the numbers when you're, when you're telling me what
that is.

JEFF McCASLIN: Sure.

CLOUSE: Because I'm not sure I can get there where you ended up
from where you started with that. I'd just like to hear some
more sometime. We'll have to talk about that and see what they
are.

JEFF McCASLIN: Sure thing. The point with the-- and I am not an
expert in that. I know that there is significant line loss in
transmission, and I think with the-- with our aging
infrastructure of our, of our energy grid, and with the advent
of data centers using large amounts of electricity, it's more
important than ever that we're good stewards of that, of that
infrastructure.

CLOUSE: OK. Thank you.

JEFF McCASLIN: Thank you.

McKINNEY: Other questions? No? Thank you.

JEFF McCASLIN: Thank you for your time.

McKINNEY: Next opponent.

JON CANNON: Good afternoon, Chairman McKinney, members of the
Urban Affairs Committee. My name is Jon Cannon, J-o-n C-a-n-n-o-
n. I'm the executive director of the Nebraska Association of
County Officials, also known as NACO, here to testify today in
respectful opposition to Senator Kauth's LB1134. I had a fairly-
- this is, this is my first time in front of Urban Affairs this,

this year, and on the last week of hearings, so good for me. I had a really long intro prepared for that, and in the interests of time, I'll just chuck that. What this boils down to is, as always, with, with NACO, local control. One size certainly does not fit all across the state of Nebraska, and when you do make one size fit all, you guys take the place of local boards, and that means every local citizen's concerns are going to be visited squarely upon you. And, and I, I think the reason that we prize local control is because of exactly that. We don't want everyone having to come to the Capitol once or twice a year to make their, their petitions to the Legislature. You know, frankly, you know, there's a lot to like in the bill, you know, a certain amount of standardization that, that people can rely on. We certainly appreciate those, those concerns. We would be in favor of something that allowed for an opt-out of, of a default. You know, essentially, we have a default state building code and all the other codes, and something that we, we were able to opt out based on local conditions. You know, and that's-- like I said, I was going to make it short and sweet. That's-- happy to-- all I've got. Happy to take any questions you might have.

McKINNEY: Thank you. Any questions from the committee? I got one. Does any other states have opt-out language?

JON CANNON: I do not know that, sir. I will try to find out.

McKINNEY: OK. Thank you.

JON CANNON: Yes, sir. Thank you.

McKINNEY: Next opponent.

JOHN HILLER: Thank you for giving me the opportunity to speak today. My name is John Hiller, J-o-h-n H-i-l-l e-r, and I'm here to talk about the costs of some of these terrible codes that have been proposed here to be "delimited." They've talked a lot about-- and it seems like the electrical code is one of the main topics of conversation here, let's be honest. The-- one of gentlemen said that there were four drivers over the last-- from the 2020 code that are increasing those costs substantially. There's a few problems with that. Number one, those codes have not been adopted in the state of Nebraska; they were adopted early on in the, in the city of Grand Island, and they were adopted in Omaha in December of 2025, so they have no bearing on

any of the costs that occurred in 2025. Those costs I went through, and as an electrical contractor, I went through and looked up what the additional costs would be. And in doing so, you have to look at the cost of the new product and take away the cost the old product. And those costs average out about \$500 total for those four items. The-- I did some research, and in 2025, the median home price of a new home in Omaha, Nebraska-- and Omaha's driving this, I think-- was \$431,450. It was the median, not an average; I eliminated an average because a \$2 million house skews that average. That represents one-tenth of-- those \$500 represents one tenth of one percent of the total cost of that house, if it's implemented. We-- I admit-- or, I'm, I'm agreeing that we need more affordable housing for first-time home buyers and, and through-- throughout the country, especially in Omaha. But let's, let's look at a, a starter home, because the median home square footage in 2025 was almost 2,200 square feet. My first home that I bought when I was 25 years old was 1,100 square feet. It had Formica countertops and a two-car garage that was underneath the bedrooms, so. Today, about 90% of these homes have granite countertops, they have all the luxuries that I didn't get until I was 65 years old. The number of homes constructed in 2025 was about 2,040 in the city of Omaha. In the decade of the 2000s, I was-- my company was involved in constructing new homes, and we did tract homes for a large builder in Omaha. And I know that our company alone did about 1,200 tract homes a year with-- that were under 1,400 square feet. Today, nobody's building those homes, so there is no affordable housing being built in Omaha, there's no starter homes being built Omaha. The-- so, let's-- what, what is driving the cost of the increase in homes, new homes? Well, national data shows construction input prices rose 6 percent year-over-year in 2025. Steel was up 7 percent; aluminum, 3 percent; concrete, 10 percent. Land scarcity drives our costs tremendously. There was an article last week in the Wall Street Journal that says land grab of data centers is the new obstacle to housing, and if you go through Omaha right now or in the surrounding communities, you'll see a lot of data centers going up that take a lot of land. U.S. News in last year listed Omaha as the hottest market in the nation. Supply and demand has a huge factor in our cost of our housing in Omaha, Nebraska. So, I also went back and looked, what's-- what was the median home price in Lincoln in 2025? \$307,000. In Norfolk, it was \$221,000; North Platte was \$221,000; Grand Island was \$261,00. You compare that with the cost in Omaha, and there's obviously market forces that are driving those costs. In conclusion, while I'm all for affordable housing, if we spend all our time going after one-

tenth of one percent of the cost of a new home and wait and-- we're never going to get to affordable housing. This is a hard discussion that has to have some hard answers, and I think we'd be better off to not attack the codes. The codes aren't a substantial cost, at least on the electrical side. I can't speak beyond electrical. That's my only area of expertise. And I'd be open to any questions. Thank you.

McKINNEY: Thank you. Any questions from the committee? Senator Rountree?

ROUNTREE: Thank you so much, Chairman McKinney. Thank you for the knowledge of you breaking that down with the medians and so forth. I was listening to price increases, use of concrete is up 10 percent. What's driving the concrete up is question number one, then second, as a follow-up, would be-- you're in the seat. If you're looking at bringing prices down, what would a proposition be? We're not attacking codes, but what would be something we can put our hands on to help bring it down?

JOHN HILLER: I think, I think the hardest part isn't-- for a new homeowner is how do you get the down payment?

ROUNTREE: OK.

JOHN HILLER: I think, I think there's a real need for housing in Omaha that isn't just-- I mean, you see apartments going up everywhere.

ROUNTREE: Yeah.

JOHN HILLER: The costs are \$1,500 and up for a month for a typical apartment. That's, that's like a payment on a house. And so, how do we-- I think one of the questions to me is how do we allow new homebuyers to get equity? Whether that's through some type of cooperative, or some type of a multi-family housing where you can buy your unit instead of just leasing. You know, I know that happens in a lot of the larger cities. So I, I, I think that's one step that could be taken. I think that's something that'll-- you know, that-- how do we incentivize that, as a state, to, to create the situations where that, that happens?

ROUNTREE: Thank you.

McKINNEY: Thanks. Other questions? Senator Quick.

QUICK: Yeah, yeah. Thank you, Chairman. And I appreciate your comments too, about-- because when we first built our house back in-- that would have been 1990, the cost to build our home, the lot price was-- I know probably lots in that area now, although it's all built up in that area, I think we paid, like, maybe \$36,000 for a lot, and now they'd probably over \$100,000 for a lot.

JOHN HILLER: Yeah, my son just told me he was looking at a lot to-- and he said, what do you think? And I said, well, I think \$200,000 for a lot is a little too much. And I think a typical lot in Omaha probably does go for around \$130,000 to \$150,000. I don't know that for a fact, but I, I do know that the price of land is one of the main drivers.

QUICK: And then you were also talking about, you know, we started with Formica countertops, we started with, you know, mostly carpeting and linoleum. And now, we put in more-- you know, as we've grown older and had some more opportunities to spend on our houses, we've put in quartz countertops, we've put in laminate flooring.

JOHN HILLER: Correct.

QUICK: And those are also drivers. And I know the concrete price was a lot cheaper too, back then.

JOHN HILLER: Oh yeah. Every, every-- lumber was cheaper. Everything's cheaper. And a lot of that is driven by not only national but international forces. You know, there's a, there's a demand for all those products.

QUICK: But I appreciate your comments. Thank you.

JOHN HILLER: Thank you. Any other questions?

McKINNEY: Thanks. Any other questions? No?

JOHN HILLER: Thank you very much.

McKINNEY: Thank you. Next opponent.

CRAIG THELEN: Thank you, Chairman, and members of the committee. My name is Craig Thelen, C-r-a-i-g T-h-e-l-e-n, Director of the Nebraska Electrical Division. I'm here to testify in opposition to LB1134. Reverting to the 2008 edition of the NFPA 70 National Electrical, Electrical Code would be a step backward; it would not reduce the cost for affordable housing. The NEC is updated every three years to reflect advancements in technology, safety practices, and installation standards intended to protect people and property. Returning to the 2008 code would eliminate or significantly limit several modern provisions, including Class 4 wiring, current alternative energy standards such as large-scale solar, battery storage. It would also affect the volt-amp square footage, reverting back to 3-volt amps versus 2-volt amps for residential, which is in the 2026 code. This would not allow the electrical services to potentially be downsized based on the overall load calculations. Changes to the 2008 would also remove cybersecurity considerations, restrict the use of newer wiring methods and equipment including copper-clad aluminum-- copper-clad aluminum NM cable, 10-amp circuit breakers, along with prohibiting modern remodeling options such as wireless switching in lieu of removing wall coverings; that was not allowed in 2008. Additionally, adopting an outdated code would likely result in higher homeowner insurance costs due to the lower ISO rating. Importantly, reverting to the 2008 code would not eliminate the AFCI or GFCI requirements because those were already in place back in 2008, some of those were, as those protections were already required. In summary, adopting an electrical code that does not reflect current technology or safety standards would not benefit the state of Nebraska, and would not achieve the standard-- the stated goal of reducing housing costs. For these reasons, I respectfully urge the committee to vote against LB1134. Thank you for your time.

McKINNEY: Thank you. Any questions? No? Thank you.

CRAIG THELEN: Yep.

McKINNEY: Next opponent.

JON NEBEL: Good afternoon. Thank you for having me. My name is John Nebel, J-o-n N-e-b-e-l. I'm here on behalf of the Nebraska State Council of Electrical Workers. We are opposed to LB1134 as drafted, but I understand this is more of a conversation about where do we go with code adoptions from here. So, I was hoping to hear a little bit more about specific codes and not just a

blanket rollback for two decades. I am looking forward to the conversation on specific codes coming in the summer, it sounds like. So ultimately, I just want to reset a couple things. I know Senator Kauth called the code-making process a cartel operation. It's a 20-people, industry-specific, two-year process. Very thoughtful, public input, very thorough, and by the time it gets to us here at the state level, it's, it's really been digested. So, what it really comes down to is, is it right for Nebraska? And I really appreciate this process that we have, that it's not just a full-on adoption once it gets here to the state; it's a hearing, it's a-- let's hear what the boots on the ground have to say. Is this working? Is it not going to work? And can we put it in some type of proving ground? So, I'm interested in that concept of understanding the boots-on-the-ground level, maybe bringing more inspectors in to say what's working, what's not working. And, as far as the cost goes, I think Mr. Hiller was right. It's a pretty minimal cost for what, what we've heard the codes that we need to take out are, and, and I just want to clarify that it's, it's really-- we've got down to their life safety codes that are being carved out, at least for the National Electrical Code. And so, if we can get back to that conversation and understand that we have a, a section of people here saying that they can't build a house for us anymore that's safe, and they're just kind of disregarding the, the advancements that we made in the code. And I guess I'll speak specifically to the GFI concerns. Think of it as-- we used to have a fuse panel. Anybody with the, with the aged homes know we got a fuse panel, and it's a screw-in device. If the fuse blows, you go to the hardware store and you get a new fuse, or you find a penny and you put it in there and you-- and it doesn't blow anymore, right? So, it's a-- it becomes now a test of will, what's going to break first: the penny or the wiring that's put in there to only go at a certain level of capacity? Becomes a fire hazard. So, we adopted a new code eventually that said, hey, let's do a circuit breaker. It's not something that's going to cause you to go to the hardware store and buy a new one. It's going to be something that you go downstairs and you hit your breaker and go, oh, something tripped. I want to turn it back on, see if it trips again. Much safer product. It was a good update, and I think cost-effective because we're not buying fuses anymore. Mr. Thelen brought up in 2008, we had already adopted some of the arc fault codes. That's a better breaker. It senses if there's an arc fault, senses if they're potentially going to be a fire. If memory serves, we didn't do a full adoption of that one, and we actually did a little bit of a process because the industry had to catch up. Our wiring methods

were, were not up to speed for this type of technology, and the wire was actually bent a little too sharp, so we had to start wiring houses different before these, before these breakers stopped having their nuisance, nuisance tripping. So a little bit of time, a little bit of energy gets us to a place where we can build a better product and we can work together to do it. Now, we've got the arc fault breakers, and now we get to the point where we're talking about a GFI breaker. It's the, it's the difference between a breaker that knows if you're being electrocuted or not, and that's what they're trying to carve out. At least that's the, that's the only ones that I've heard. So I'm-- I think we have another bill to hear about maybe some specific codes that they would like to carve out. But so far, the ones that have been drafted in this Legislature, it's-- we want to not have the GFI breakers installed, which are strictly and only for life safety. So, happy to answer any questions, but we're opposed to this. Happy to be a part of the conversation this summer.

McKINNEY: Thank you. Any questions? Senator Quick.

QUICK: Yeah, yeah. Thank you, Chairman. I probably should asked the last testifier, probably should have asked Craig, but, but do you know, like, what the board makeup is? Or-- you know, that, that, that puts the electrical code [INAUDIBLE].

JON NEBEL: I looked it up while we were sitting over there, and it-- so, there's manufacturers, there's users, which would be just a customer using it; an installer and maintainer, that'd be someone like myself; there's labor, so we're talking about the labor representation from the unions; applied research and testing laboratory; the enforcement authority, that's your inspectors; insurance industry; the consumer; a special expert; and utilities. And one interesting part of this, not-- it, it can be, you know, a dozen to two dozen people on this panel, and none of them could make up more than 30% of one industry. So, it's not really anybody taking a PowerPoint and, and running over this. It's, it's a truly collaborative effort.

QUICK: OK, thank you. And I do appreciate your comments too on the, on the GF-- on the breakers compared to fuses. We used to have fuse-- fuses on the farm.

JON NEBEL: Sure.

QUICK: And they weren't the greatest in the world, so. I appreciate all the upgrades and your comments on this. Thank you.

McKINNEY: Thanks. Other questions? Senator Sorrentino.

SORRENTINO: Thank you, Chairman McKinney. Mr. Nebel, can you tell me, is there any time in your memory-- and I know you've been doing this for a while-- that we as a body have taken a step back in time and adopted electrical code from almost a decade in the past in the interest of either money or safety, or is this breaking new ground to do?

JON NEBEL: It is, it is breaking new ground. In most recent memory, we-- so, the code generally comes out every three years. We put it up for adoption, and most recently, we, we did not adopt the 2020 version, so we stayed at 2018 or 2017, and, and we bypassed it and went straight to the 2023 version for, I think mainly it was-- there was-- the GFI issues were in there, but also it was giving time for manufacturing to catch up to, to supply chain issues during COVID.

SORRENTINO: I think this one calls to go back to 2009 or 2008 [INAUDIBLE].

JON NEBEL: 2008, I think, for the electrical.

SORRENTINO: So that, that's quite a ways back.

JON NEBEL: A little bit.

SORRENTINO: Thank you.

McKINNEY: Thanks. Other questions? Senator Rountree.

ROUNTREE: Thank you so much, Chair McKinney. And thank you, Mr. Nebel, for being here. This is just really quick and a concise explanation. When you talking about boots on the ground, when the code comes and you have boots on the ground and test it out, how does that process work? Just shortly.

JON NEBEL: So, so the engineers draw it up, and we go out and we install it, and the inspectors come and say, hey, this isn't going to work, this isn't up to code. Or, potentially, during the installation process, we find out this isn't really working

for us, so we call the inspectors in and say, can we find a solution? Because ultimately, the inspectors have the, the right to, to approve or disapprove of, of all of this.

ROUNTREE: OK.

JON NEBEL: They, they got the authority for that. So, it's, it's just collaboration once we get to installing the product and seeing how it all fits together.

ROUNTREE: OK. Thank you.

JON NEBEL: Mm-hmm.

McKINNEY: Thanks. Senator Quick.

QUICK: Yeah, yeah. Thank you, Chairman. And on the-- I was just going to ask, so are some of the codes also-- like, electrical codes-- also based on, like, for the safety of the people doing the work? So, when you're installing it, it's safety for that as well? Or is it just mainly for the, for the construction of the home?

JON NEBEL: Yeah. Yeah, so some of it is specific for the homeowners, to the homes being built; some of it's for the, the equipment on the jobsite. GFI is worn around all the time, so we started installing them on a temporary power. The, the cords that we use to, to build the building is all just extension cords off of a, a little sub-panel in the dirt over there. So, protections for that. And ultimately, a lot of these codes really do fall on somebody had a really bad day at some point, or a lot of people had a really bad day. And so, the industry looks at it and says, how can we make this safer?

QUICK: OK. All right, thank you.

McKINNEY: Other questions? No? Thank you.

JON NEBEL: Thank you.

McKINNEY: Next opponent.

MATTHEW STOFFEL: Thank you all. My name is Matt-- Matthew Stoffel, spelled M-a-t-t-h-e-w S-t-o-f-f-e-l. I'm a resident, Omaha resident, of District 8, and I'm here today to speak on

behalf of myself as a citizen as well as a representation-- representative, sorry, of the American Institute of Architects through our local AI Nebraska chapter. I'm an architect with HDR, one of the largest A&E firms in the United States. So, I will be bringing just a little bit of different perspective outside of the residential market. My practice primarily is within the commercial and civic building sector; clients ranging from developers, the city of Omaha to the state of Nebraska. The state building codes, in my opinion, should not be torn apart with different versions or watered down, but should work in unison to advance construction methods and energy efficiencies. It's the primary goal of our energy codes to work towards a more resilient and efficient environment that gradually integrates newer building techniques and products at a pace that the market can absorb. The ICC and NFPA code committees-- and I think you've heard some commentary on that-- within Omaha, we implement new codes on basically a six-year cycle, so 2000 IBC, 2008 IBC, 2012, 2018, and so on. The energy code, on the other hand, I forget when it was first implemented within Omaha, but 2009 was implemented in 2012, I believe, and then we are currently operating out of the 2018 energy code. The energy code is the easiest way to invest in ultimate payback. A dollar spent in the short term are dollars saved in long term. Equally, my clients demand that we work towards reducing energy costs. Again, most of my clients are state-government. If I could segue to a colleague of mine that works within the residential market, just briefly. In working on building his own home-- and I believe he submitted a comment online. Is that OK if I--

McKINNEY: No, you can't read his comment.

MATTHEW STOFFEL: I cannot. OK, no problem.

McKINNEY: Yep.

MATTHEW STOFFEL: Thank you. As the Nebraska energies demands increase across industry sectors, we look for a better building envelope and a better window system that resists the outflow of energy. Most of the energy that escapes our homes and buildings are a result of inadequate ceiling and ab-- and obsolete detailing. I'd like to just highlight a few consequences to rollback of the codes. To quote Senator McKinney during the LB800 and LB801 hearing which happened a couple weeks ago, "it is important that Nebraska standards are not allowed to be frozen for decades." If it were to happen, "the need for an

update would eventually result in a massive increase in costs rather than an incremental increase this bill would produce." Again, that is in reference to improving the code to the 2024 version. Last year, the state of Missouri retracted their energy code to the 2012 IECC after eight-year effort to implement 2021. There's no comprehensive data that would support measured decrease in construction costs. In fact, dollars per square foot in Missouri alone have increased above the national average. The 2018 energy code in Nebraska has significant savings over the 2009 standard, reducing heating and cooling loads, improving insulation requirements, tightening air leakage, et cetera. Studies from the Department of Energy as well as Nebraska's energy office showed that the 2018 energy code is cost-effective for homeowners. While this rollback may slightly reduce an initial cost of homes, and I've heard anywhere between 1 percent to 1.18 percent to \$3,000 for just a typical residential. Again, that's kind of outside of my sector. In OPPD-- in Omaha, sorry, OPPD has projected a year-over-year rate increase, this is public knowledge, of 5 percent on average over the next three years, with the possibility of increasing 7 to 9 percent up through 2031. Dollar for dollar, dollars spent 2025, that would equate to \$1.35 to \$1.65 by the year 2031; that's 35 to 65 percent increase.

McKINNEY: Can you wrap up your testimony?

MATTHEW STOFFEL: You betcha. Personally, I'm involved with Project Health. Most of you have probably heard of that project mentioned in the news. We did a rough summary of the rollback, if we were to ask-- if we were asked to roll it back to the 2009 energy code, and I can't state how important this is. Annual increase in utility costs-- that's the increase in the utility costs if we roll it back-- is \$1.472 million a year. That's real tax dollars, real dollars. Ultimately, I'd rather sit in front of you today to advocate for the 2024 code, but given the circumstances of the environment that we are in, I could completely and empathetically respect the, the positions of the committee as well as our, our constituents here. So, I'll-- with that, I'll take any questions.

McKINNEY: Thank you. Any questions? Senator Clouse.

CLOUSE: Yes, thank you, Chair McKinney. Thank you for being here. My question is on your last few comments, where you talked about the increase in the utility costs from when you went back

to that code. So how-- to my knowledge, we haven't talked about what areas we want to start looking at. We just have said we're going to go back and look at a handful of them. How did, how did you get to those numbers? I mean, you looked at-- I mean, obviously, you picked out a few things that, that were different.

MATTHEW STOFFEL: Yeah.

CLOUSE: Do you think that those are the items we're going to go after? Or, or--

MATTHEW STOFFEL: Yeah.

CLOUSE: Explain to me how you got those numbers,--

MATTHEW STOFFEL: Yeah. Yeah, I appreciate the--

CLOUSE: --because I haven't heard anything that-- yet, that this is what we're going to be looking at.

MATTHEW STOFFEL: Yep. I appreciate that. So, this is a-- just a blanket coverage statement in generalized terms. We look at-- and honestly, we are rarely asked to look backwards in time to, to revert to a, a different standard. Oftentimes, we're looking ahead. So, as an example, I was lead architect for the Douglas County Justice Center in Omaha, Nebraska. And COVID happened at the same time the project was being introduced, as well as Omaha was considering advancing the energy code. So, we were asked to go back and say, can you design it to the 2009 standard for the energy code, which we did, as well as we were advocating for the 2018 code, which was going to be effected-- effective in Omaha, like, six months in the future. So, at the time, Douglas County chose to stay with the current 2009 energy code. So, at that time, I don't have any of those numbers in, in place, but, you know, we looked at kind of broad swaths. So, it's difficult to determine what broad things we could, could swipe out, so.

CLOUSE: But there are probably some things in there that you-- we weren't going to talk about at all.

MATTHEW STOFFEL: Correct. Just to give an example, possibly most manufacturers, mechanical, electrical, plumbing, et cetera, have already advanced their equipment to, to the newest national standards. So, to go buy a piece of equipment that is based on

20-- 17-year-old standards is pretty much hard to find. So, the biggest bang for the buck is going to be in the envelope. So, the envelope is the easiest target for anybody to attack to help reduce costs, as minimal as they are. So, this number that I project out there is part of that equation; it's not all attributed to the utility costs.

CLOUSE: Thank you.

McKINNEY: Thanks. Other questions? No? Thank you.

MATTHEW STOFFEL: Thank you very much.

McKINNEY: Next opponent.

MIKE GAGE: Good afternoon, Senator McKinney, members of the committee. My name is Mike Gage and I'm the president, secretary-treasurer of the Nebraska State AFL-CIO. I'm testifying today in opposition to LB1134 on behalf of the Nebraska State AFL-CIO and the Nebraska Farmers Union. Everyone in this room agrees that housing affordability is a serious issue. Working Nebraskans are stretched thin. The changing or limiting building, electrical, and energy codes is not the answer to reduce the cost of housing. Building codes are in place to ensure safety, durability, and long-term cost savings. They set a standard that protects workers during construction, and protects the families that inhabit these dwellings for decades after their construction. There is a slim likelihood that weakening or freezing code updates will create small up-front savings for developers, but any savings would be offset by higher utility bills, increased maintenance costs, reduced energy efficiency, and greater safety risks over time. That's not affordability; it's increased risk and cost-shifting onto homeowners and renters. From a crafts perspective, modern codes support high-quality jobs. Union construction workers are trained to meet evolving safety and efficiency standards through rigorous apprenticeship programs. Complying with the codes in place and the improvements to these codes as new technology becomes available ensures quality workmanship and protects the integrity of Nebraska's building and construction industry. Rolling back these codes risks creating a race to the bottom that undermines safety, training, workmanship, and long-term value of investment. If we are serious about reducing the cost of housing, let's instead focus on the real drivers of this issue: land prices, material supply chains, workforce shortages,

financing costs, and smart "incentives" for work-- workforce housing. These are the factors that could be addressed to make a measurable difference. Cutting corners on building codes is not a housing policy, it's a source for long-term problems. Affordable housing and safe housing should be the same thing, and Nebraskans deserve both. We respectfully urge the committee to not advance this bill, and instead focus on solutions for housing affordability that do not compromise safety, quality, or jobs. Thank you.

McKINNEY: Thanks. Any questions? No? Thank you. Next opponent.

JULIA EHLERS: Good afternoon, Senators. My name is Julia Ehlers, J-u-l-i-a E-h-l-e-r-s. I am speaking as a constituent of District 28, but I'm also currently a graduate student at the University of Nebraska on Omaha's campus working on my master's degree in architectural engineering, and I'm here today as a building design engineer who cares a lot about what codes we use in this state. So, I would consider myself a bit of a sustainability nerd. And when I say that, I don't mean sustainability as a buzzword. All of my classmates and I have internships and courses focused on learning how to design buildings whose energy usage saves owners money on their monthly, monthly utility bills in any way we can. So for me, that means reducing the amount of energy it takes to cool a building in the summer and heat one in the winter. Some of my peers are more focused on the controls we use, and others are working to implement renewables at a building scale so owners are mostly self-sufficient and increasingly resilient. All of these areas are area-- are things that energy code provides a framework for. We want to learn and innovate and grow professionally, and our energy codes are the thing that help us to do that. Things change quickly in our industry, and we, as engineers, have to learn continuously to keep up and provide our clients with the best solutions. So, switching back to 2009 versions of the IECC would send us backwards literally and figuratively rather than allowing us to engineer a better future. By 2031, Nebraskans and particularly engineers will be unprepared and behind the curve by over two decades when we finally update our codes to relevant standards, and that's why I'm here to speak in opposition to this bill. We cannot afford to go backwards. Nebraska has always been my home, and will continue to be so for the rest of my life. However, the reason I'm in this field is to design sustainably. I want to be part of the effort to build a world for my future children and

grandchildren where they don't have to worry about the climate, and energy codes are one of the best tools we can use to make sure that we're headed in the right direction. As much as I love Nebraska, I will go where there are opportunities to grow professionally and do the kind of sustainable work I care about, and bills like this are not an encouragement to stay here. All of our science and statistics point to the fact that our planet is on fire, and we need to act now to put out the flames. We can't afford to tie one hand behind our back and hope for the best when we have a path forward with newer codes. I sincerely hope that what I've said today has made some small impact on what you all decide to do. Thank you for listening, and for your consideration of my perspective.

McKINNEY: Thank you. Any questions? Senator Clouse.

CLOUSE: Thank you, Senator McKinney. Just a, a quick one. You're starting out in your career now. Do you ever see things in there that you have that questioning attitude, well, why are we doing this? Do you ever see anything like that, or you just kind of following "here's what the standards say?"

JULIA EHLERS: I would say most of my questions tend to be in trying to make sure I understand the background for it. But from my experience, all of these different aspects for the envelope, the projects I've done at class that are related to codes, all have a very good reason. They're put together by people much more intelligent me for very good reasons, and I haven't run across anything that I would say as necessarily a bad idea.

CLOUSE: Thank you.

McKINNEY: Thanks. Other questions? No? Oh, Senator Rountree.

ROUNTREE: Thank you, Chair McKinney. And mine is not so much a question, but a comment. First of all, I applaud you for your vision and your way forward. And whatever it takes, let's make it so you can stay here in Nebraska.

JULIA EHLERS: Thank you.

McKINNEY: Other questions? No? Thank you.

JULIA EHLERS: Thanks.

McKINNEY: Next opponent.

COREY METZGER: I apologize. I've got a big handout for you.

McKINNEY: You can start.

COREY METZGER: OK, great. Good afternoon, Chair McKinney, and members of the committee. My name is Corey Metzger, C-o-r-e-y M-e-t-z-g-e-r, and I am speaking as a resident of Legislative District 49 in Sarpy County. I'm a licensed professional engineer in the state of Nebraska. I own a consulting engineering firm. And while not here representing or speaking for the society, I serve on the board of directors for the American Society of Heating, Refrigerating, and Air Conditioning Engineers, or ASHRAE. Excuse me. I'm here today to speak in opposition to LB1134. I speak against this bill for several reasons. First, the requirements in the International Energy Conservation Code are based on or developed in parallel with ASHRAE Standard 90.1, which is ASHRAE's commercial building energy efficiency standard. The development process for this standard includes direct consideration for the costs of improvements included in each version. In an effort to ensure accuracy of these calculations, they are completed by a team at Pacific Northwest National Laboratory, or PNNL, part of the United States Department of Energy. I've submitted the executive summary from the analysis of each of the past three versions of ASHRAE Standard 90.1, those being 2022, 2019, and 2016. I did not submit prior versions because the analysis has changed. With table ES.1 in each document identifying cost-effectiveness in terms of life-cycle costs, so that looks at the overall cost, not just first costs. I encourage you to review these tables. Second, there are basic logistical issues associated with maintaining an out-of-date energy code. References included in the associated codes are frequently incorrect when update cycles are not aligned, particularly with significant differences in publish dates. Additionally, as technology-- and this was mentioned previously, but I'd, I'd like to expand a little bit. As technology and industry practices continually evolve, the requirements in codes become antiquated. It's not hypothetical; I'm a fairly recent Nebraska resident as of about two years ago, living in Iowa for 15 years prior to that. The state of Iowa has utilized the 2012 IECC for many years, and when attempting to demonstrate compliance with that version of the code, we frequently face challenges obtaining the proper efficiency ratings for equipment because the values utilized in the 2012

IECC are no longer analyzed or published by the equipment manufacturers. Third, the demand on the electric grid is growing due to multiple factors, including the proliferation of data centers. Utilities may already be struggling to keep pace with the increased demand, and reducing energy efficiency standards for commercial buildings and homes appears likely to exacerbate this issue. Growth and demand for electricity will increase cost to consumers, as has already been discussed today. Fourth, and this focuses more on, on residential, the potential savings from the proposed bill does not appear to, to affect building owners, homeowners, or renters, many of whom may not be capable of understanding the impacts of reduced efficiency standards. While it may result in some small energy savings focused on components or systems that consumers can't see and/or may not be familiar with, the overall cost savings, as you can see in the final attachment that I've provided you, results in improved life-cycle cost for residential facilities, and that is based on the 2009 versus 2018 IECC in a separate PNNL analysis that was focused specifically on the state of Nebraska for residential, so single-family and, and apartment-type facilities. Ultimately, if this bill passes, it will serve to increase operating costs and life-cycle costs for homeowners, building owners, and renters, it will increase strain on the electrical grid, and it will create challenges demonstrating design compliance for commercial building energy efficiency. For these reasons, I ask that you oppose LB1134. Thank you for your consideration. I'd be happy to answer any questions.

McKINNEY: Thanks. Any questions? Senator Sorrentino.

SORRENTINO: Senator McKinney, thank you. You're just the lucky guy because I've been waiting for somebody to address this, and nobody has, so. Not sure how many more testifiers we have. I would think-- I am not into construction, but I spent a lot of years insurance. Going back a long way in our building codes has got to affect the cost of homeowners insurance. You know anything about that?

COREY METZGER: Admittedly, I don't. I primarily design commercial buildings.

SORRENTINO: OK.

COREY METZGER: Though I suspect you're right.

SORRENTINO: If there are any other testifiers to come up and make and address that, that'd be great. Thank you.

McKINNEY: Thanks. I have a question. Is it less the building codes or the energy codes and more of-- there was a housing crisis in '08, then we stopped building homes at the rate we were building them, and now there's so much demand as the reason for the increasing costs?

COREY METZGER: Admittedly, I'm sorry, I don't know. I'm not an expert on residential by any stretch of the imagination.

McKINNEY: OK.

COREY METZGER: So, apologies, I don't, I don't have a good answer.

McKINNEY: Thank you. Other questions? No? Thank you.

COREY METZGER: Thank you.

McKINNEY: Next opponent.

THOMAS EMERSON: Hello. My name is Thomas Emerson, T-h-o-m-a-s E-m-e-r-s-o-n, resident of Lincoln, Legislative District 2. I'm a licensed journeyman wireman in the state of Nebraska since 2009. I have over 22 years in the industry, and over 27 years in construction. I'm currently the business manager with IBEW Local 265 in Lincoln, and I represent over 600 workers that do electrical work. We are opposed to LB1134 as written. We are not interested in going back 15 years in code from the 2023 to the 2008. Safety is the electrical-- safety is, in, in the electrical industry, is beaten into us. Electricity can cause fires, injuries, and death. I don't know how many people have done electrical work or been shocked, but I don't recommend it. But over as long I've done it, it's going to happen at some point. To target code for affordable houses is ridiculous, and I'd like to share a quick story about that. So, we bought our first house, first-time homebuyers in 2009. It was a house built in 1974. We were able to secure our first home with the Obama administration first-time homebuyers. The tax credit helped us buy our first house, and then in 2023, we sold that-- we bought that-- let me back up. We bought that house in 2009 for \$129,000. We sold said house with no improvements other than maintenance, maintenance/upkeep for \$240,000 in 2023. And then,

we built a new house in 2023 in northeast Lincoln for \$362,000, and the fact that you think codes affected that is ridiculous. Like, my-- the house I bought and sold, there was no code updates, right? So, I, I think there's many other factors that are involved other than codes. And I've, I've heard a lot of references. This here is the code book. There's 901 pages in it. I have the information from the new house I bought and built, and by the way, the house that-- just for the sake of argument, the house we had was under 1,000 square feet, single-car garage. The new house I built was-- is less than 1,200 square feet, so it's not that I went that much bigger. I added basically 200 square feet, and it-- and so, think about that value for a second. But they-- you know, the-- on the electrical code, Nebraska has the 2023 electrical code. We reciprocate with 13 other states, so if you're a journeyman wireman in Nebraska, you can reciprocate that license with 13 other states to do work in. All 50 states have an, have an electrical code ranging from the '08 to the 2023; 18 states have the 2023 in effect right now, the other ones have the '17 or '20, and they're looking to go to the 2023. So, there's some factors that I wanted to point out. And then also, you know, part in the bill that I found interesting was-- it's on page 4, lines 23 through 31, but at the bottom there, it says an independent third-party evidence shall be a form of source that has no financial interest in the adoption or enforcement of the proposed code update or change, and possesses expertise in public safety or municipal codes. That doesn't sound like people that are going to profit from building homes to me. I would say that, you know, the people, the expertise that are installing the work and have knowledge of the, the codes would be the ones I'd take the advice from. That is it, unless anybody has any questions.

McKINNEY: Thank you. Any questions from the committee? No? Thank you.

THOMAS EMERSON: Thank you.

McKINNEY: Next opponent.

JAMES HARPER: My name's-- can you hear me? My name is James Harper, J-a-m-e-s H-a-r-p-e-r. Address, 4203 Springview Drive, Grand Island, Nebraska. Senator McKinney, committee members, when I read LB1134, it reminded me of an orig-- of the original Building Construction Act, LB227 enacted in 1987. That was sponsored by Senator Don Wesely. That bill and LB1134 attempt to

interfere with future Legislatures adopting model codes. Subsequently, the automatic adoption of codes was removed from the Building Construction Act about 15 years ago. LB1134 attempts to prevent adoption of the residential code IRC, energy IECC, and electrical NEC codes by imposing a January 1, 2031 prohibition date, further walking back additions of the IRC to 2009, the IECC to 2009, and the NEC to 2008. We were advised that you could not commit future Legislatures on matters of code, whether future adoption-- future adoptions or retroactively, and that's why that provision was removed from the original Building Construction Act. Codes that are, that are this old may not be supported with training or support materials any longer. By imposing this moratorium on code adoption, it results in skipping seven editions of the IRC, IECC, and NEC. That's 21 additions of just those codes alone, not to mention their reference standards. What is the plan when January 1, 2031 rolls around? Codes will continue to be developed, whether we like it or not. Why were the 2009 and 2008 code editions chosen for this bill? I doubt Nebraska will jump ahead to the 2030 IRC and the 2030 IECC when that date comes. If provision-- if provisions of the code are problematic, I suggest participation in the code development process. I did. The state should not prevent or stand in the way, or prevent cities and counties from adopting codes that exceed state minimums. This should be a local matter. I've always felt strongly about that. And with that, that's my-- what I have to offer.

McKINNEY: Thank you. Any questions? Senator Quick.

QUICK: Yeah, thank you, Chairman. Just more of a comment, but thank you for coming from Grand Island.

JAMES HARPER: I can't hear very well, Senator.

QUICK: Thank you for coming from Grand Island to testify.

JAMES HARPER: Oh, it was my pleasure. It's my pleasure, Dan.

McKINNEY: Thank you.

JAMES HARPER: OK.

McKINNEY: No other questions? Senator-- hold on. Hold on, hold on.

SORRENTINO: Senator McKinney?

McKINNEY: Yeah. Senator Rountree.

JAMES HARPER: I'm sorry.

ROUNTREE: Thank you so much, Chair McKinney. I apologize, I was a little late raising my hand over here, but I wanted to make sure I have processed your last statement. So, if I interpret it correctly, your final statement through all of this was that maintaining local control, is that what [INAUDIBLE]

JAMES HARPER: I think that's done-- yes, I think that's done best in my experience. I was code official in Omaha,--

ROUNTREE: OK.

JAMES HARPER: --and I was Code official in Hastings, Nebraska. And I, I-- it was involved in codes for about 30 years, and construction before that. I know that my boards that I worked with in both Omaha and Hastings were tradespeople, they were professional engineers and architects. We did have some legal counsel on our boards, and they can get into these matters so much further than we can in a meeting like this, for instance. I-- it's asking an awful lot of you-- of senators to understand what all's going on with these codes and standards.

ROUNTREE: Thank you. Now, I, I worked with FEMA for about five years prior to coming into the Legislature, and one of the things, when we dealt with hazard mitigation and reimbursements, we did a lot with codes, codes and standards. But I recognize now, I didn't know then, it always talked about locally-developed. And so now, I'm seeing that that's a lot of what we talk about, is at that local level.

JAMES HARPER: Yeah.

ROUNTREE: So, thank you.

JAMES HARPER: Yeah, and I think as a matter of professional development, people that are involved in codes, like building officials, electrical inspectors, that's an obligation you have to the-- your professions, so that you're all moving together, city by city, so that your adopting codes regularly so you don't

have a, a community lagging behind. And there's just no substitute for communication between those people.

ROUNTREE: OK. Thank you so much. I appreciate it.

JAMES HARPER: Does that help?

ROUNTREE: Yes, sir.

JAMES HARPER: OK.

McKINNEY: Thank you.

JAMES HARPER: Thank you.

McKINNEY: Next opponent.

JAY DAVIS: Good afternoon, Senator McKinney, and other senators. My name is Jay Davis, J-a-y D-a-v-i-s. I am the retired building official from the city of Omaha. I've been living very quietly in Papillion, Nebraska at 1803 Atlas Drive for the last eight years, and I kind of like it there. So, I'm here today not necessarily as a proponent or an opponent, I'm sorry, but more to kind of explain some things. I've been listening what's going on in the room. I could put-- I'd like to put some things out there. So, this bill is dealing with two codes: the International Residential Code and International Building Code. The International Building code pretty much needs to come out of this conversation right now, and, and stay away from going backwards in that code. The engineers and architects that work on those buildings are working on standards in which the code is built around, and those standards get you to a point where they're both energy-efficient and safe for the environment. And by the way, there's some things in the building code over the years that have kind of made my skin crawl a bit, but hey, I'm not the expert in that point. But let's talk about the residential code. Everybody's talking about affordable family housing. We need it, we have to have it. But two of the biggest drivers of cost in your affordable housing is your land development cost, your zoning regulations, and sometimes, there are things that go into the building code which don't make a lot of sense. 2009 is actually one of those. I know it was thrown out there at first, but there's some things in 2009 that are absolutely horrible in the residential codes, and I'll start with the beginning. Fire sprinkler system. In 2009, it became

mandatory in the building code that there are fire sprinkler systems were required in all single-family residential properties. Is that a problem? No. Was it a problem the way it was done? Yes. Could it be rectified? Yes. The state did take it out, the city of Omaha also took it out, and part of the problem was the misunderstanding that it didn't need a fire sprinkler fitter-- a fire-- a sprinkler fitter to put those in. When they found out your lawn and garden sprinkler guy could put in that fire sprinkler system, believe me, there was a lot of pushback in Omaha. A lot. That's neither here nor there, but if you didn't put it in, there were, there were trade-offs. Trade-offs in the code that said if you do this and this and this, then we don't need to put the fire sprinkler system in. Some of those were very expensive. Some of those ended up being an amendment which I did in Omaha, where we allowed the use of a certain type of paint rather than drywalling the basement ceiling, which in turn caused it to become a finished basement, which kicked in the electrical code, and every one of those started to build on top of each other. So, where does this need to go? There needs to be a sit-down conversation with people in the industry who are experienced at what it is-- the builders, inspectors, the building officials-- and sit down talk about and say, hey, we'll come back to state, this is what we think we should do to adopt the code, not stop it from going forward, but use common-sense approach to some of the things that are done in the code. Chapter 1 of both the IBC and the IRC and the IECC all say that they can be used for local amendments. They expect local amendments, and that's what they do in Omaha, Lincoln, in generally all jurisdictions-- Bellevue-- put amendments in that are specific to that location to try to reduce the cost. When it comes to the land development, I don't even know where to go there, because zoning and planning tends to put a lot of restrictions onto properties, onto sites, site size, site lots usage. And in some cases, I, I will go against the, the engineers on this a little bit. On the energy code, there are some things that are just not practical in a residential home. Number one is you, you got to account for the people that live there. Doors are open all the time. Kids leave doors open, I sleep with a window open. We all have electronic devices. I've got way too many to, to mention. We just keep going down the rabbit hole by plugging in our cars, plugging in our computers, plugging in our phones. So, what are we really gaining? At that point, nothing. Now, I could be a tree hugger here for a second, say if we stopped cutting down all the trees, we'd probably stop burning the earth up. But I'm going to leave that alone for science, as I learned it way back in stone ages. So, with that,

I don't think I have anything else. If anybody has any questions, I'd be happy to answer them for you.

McKINNEY: Thank you. Any questions? No?

JAY DAVIS: Yeah, I'm getting out of here.

McKINNEY: Thank you.

JAY DAVIS: Good. Thank you.

McKINNEY: Next opponent. Anybody here testifying neutral?

DIANE LYNCH: I love everything I've heard today. My name is Diane Lynch, D-i-a-n-e L-y-n-c-h, and I am actually here to represent the National Fire Protection Association. So, everything that I've today has been pretty interesting. Reliable and safe electrical systems are what we need. I, I can't speak for other code developers, but safe systems need to be in our homes, they need to be in workplaces, health care facilities, just about anywhere, right, that we go publicly. We want to make sure that they're safe, reliable systems that are going to be present for use, day-to-day, right? For the last 120 years, the NEC has been developed by the National Fire Protection Association as pretty much the electrical safety blueprint, and - for, for the industry. It basically forms the structure for electrical codes to be incorporated by reference by all 50 states and major countries nationwide. So, what I want to bring to light is NFPA develops the NEC, we don't write it ourselves. We have over 500 industry professionals, right? From contractors, inspectors, insurance providers, installers, the labor pool. We've, we've got so many interested people that want to make sure that these codes and standards are developed based on today's technology, today's safety features. Somebody asked earlier about, you know, is this for the laborer? Is it to keep them safe? The NEC is an installation standard to make sure that the system that is installed is safe while it's being in place as well as for the end-of-the-line user, the consumers. So, in a nutshell, all of these experts spend two years rigorously discussing, sometimes even arguing with each other, what is the basis for this to go into a new code. So, there is no dominant party in the code development process. There's not one interested party that gets their say. Trust me, I was on a code panel. It's very difficult. All right? We want to basically just stress, and I'm going to read this verbatim. Using the most

current NEC ensures electrical safety requirements keep pace with modern technologies, such as your renewable energy, car charging stations, your wind power stations, and data centers. It supports consistent enforcement, workforce training, and often a safer and more cost-effective installation, strengthening the public safety and economic efficiency. What I gave to you in your handout is a overview of the 15 years that you are asking to go back, of the major changes that took place not just in housing but across the entire document of the NEC. And I encourage you to read it; each portion gives you the initial year that that code became enforced and what that code was spelling out for the installer, for the user. And if you need further explanations of why that code or what it's meant to do, I'd be happy to take those questions.

McKINNEY: Thank you. Any-- Senator Sorrentino.

SORRENTINO: Thank you, Chairman McKinney. I, I will read this, but if we could skip ahead. 2008, not too many people were charging their vehicles in their garage, probably none. Is that-- and it's not super popular yet, but it will be. Does that create a new significant fire hazards in residences that you're aware of?

DIANE LYNCH: Well, what I am aware of, I, I have been asked by our legal counsel not to discuss. I'm going to be very honest with that.

SORRENTINO: I'll just assume the answer.

DIANE LYNCH: OK, yeah. So, yeah, I, I-- we'll leave you to your assumptions. There are concerns with today's technologies, the new equipment. And when I say that, you know, they have code development processes, there are people from these industry groups that get put. We have 18 different code-making panels, so they each discuss various portions of the code. Some are very, very particular about grounding; some are very, very particular about renewable energies. So, we, we want to make sure that when we select these members to, to voice their expertise on these panels that we're selecting what you would consider a subject-matter expert in their industry, and they're bringing all of that knowledge to be able to develop the code with their experience. It's not just tossed in in the interest of their, their industry.

SORRENTINO: But it's safe to assume that the 2008 code probably didn't address car charging.

DIANE LYNCH: To my knowledge, it was just barely getting discussed. Also other things, when you talk about grid infrastructure. When you go into large cities, there's-- there is a heavy demand on an existing system, and there are new products coming out there that people think that this will help alleviate. And without current codes that address those current products, consumers can actually use them and possibly create a situation for themselves that they don't know how to get out of because there was possibly no regulated code to be able to enforce. So, there's things that do have to be considered moving forward. You know, when you go back, there's, there's just concern what might not be in the 2008 might not help with what gets put-- installed today.

SORRENTINO: Thank you.

McKINNEY: Thanks. Other questions? No? Thank you.

DIANE LYNCH: Thank you.

McKINNEY: Next neutral testifier. Seeing none. Senator Kauth waived her closing. And for the record, online testimony, there were 2 proponents, 44 opponents, 1 neutral, and no ADA testimony. That'd conclude our hearing for LB1134. Thank you. We'll move on to LB1168. All right. Quiet. Quiet, we're moving on. All right, we're moving on to LB1168. Senator Wordekemper.

WORDEKEMPER: Good afternoon, Chairman McKinney, members of the Urban Affairs Committee. I am Senator Dave Wordekemper, D-a-v-e W-o-r-d-e-k-e-m-p-e-r, and I represent Legislative District 15. I appear before you today to introduce LB1168, legislation that would provide Nebraska cities with an additional option for structuring TIF projects that provides greater accountability and fiscal responsibility. TIF has been a valuable tool for communities across Nebraska to revitalize blighted areas and spur economic development. When used appropriately, TIF can bring new life to communities through new business, employment and housing. But TIF has potential downsides. The taxes pledged towards satisfaction of project funding bonds are not available to counties, school districts, and other entities reliant on general levy. If a completed project puts added burdens on those entities without a corresponding increase in the property tax,

affected entities may increase their levies on all taxpayers in response. The current TIF statute offers considerable flexibility in how these projects may be financed. LB1168 does not change or curtail existing TIF options; instead, it adds another tool in the toolbox, giving cities more choices, always subject to local control. Cities retain full discretion to choose if and when to use TIF, and how to structure the financing on a project-by-project basis. LB1168 allows three things not explicitly found in the current TIF law. First, LB1168 expressly authorizes cities to issue conduit revenue bonds. A conduit revenue bond is a commonly-used vehicle issued by a city acting as a conduit for funds flowing from an investor to a developer, and backed by a pledge of a percentage of ad valorem taxes generated by the development. The developer would bring an investor willing, able, and ready to fund the redevelopment project backed by TIF. This differs from many-- this differs from many traditional TIF projects by having the investor involved in the planning, vetting, and contract negotiation stage of the project. The investor uses due diligence to evaluate the project's potential for financial success, determines the investment necessary, projects the amount of ad valorem taxes the project will generate, and calculates the percentage of those taxes necessary to meet the Bauer-- borrower's annual obligation under the bond. The investor, developer, and city negotiate the redevelopment contract and the financing terms. This contrasts with traditional TIF, where the city and developer agree on a project, and the city issues bonds to fund it. Those bonds are sold to numerous, often unrelated investors who are not involved in the initial vetting and contracting process. LB1168 offers an option with enhanced opportunities for early vetting by an investor who will take on the risk of the project. Second, unlike the current law, LB1168 does not require that 100 percent of ad valorem taxes be pledged to the TIF project. If the city, developer, and investor agree that the borrower's annual obligation under the bond will be satisfied by only 70 or 80 percent of the ad valorem taxes expected to be generated by the project's improvements to the land, then the percentage of the add valorem taxes actually levied will represent the limit of the city's annual obligation. The remaining percentage not pledged together with the tax on the base value of the property remains with the county treasurer to be distributed accordingly to the general levy, allowing it from year one of the 15 to 20-year term to flow to schools, counties, or other taxing entities, and make it less likely that the levy will have to be increased due to any burden that results from the TIF project.

Under existing law, the only property taxes flowing to the general levy on the TIF project is that levied on the base value of the land for the 15- or 20-year term, or until the project is paid off, whichever comes first. Investors attracted to this type of arrangement typically want a long-term investment that provides product-- predictability yearly income. They are comfortable with the structure where they receive a steady stream of income over the life of the bonds. This allows the city and the developer to negotiate a percentage that meets the investor's needs while they are directing some immediate tax benefit to the local taxing entities. Third, since the city obligation is capped at the agreed-upon percentage pledge, the investor may seek added security for the investment in the form of a taxpayer agreement entered by-- entered between the city, developer, and investor. This agreement would require the developer, as the owner of the property developed, to pay to the investor any shortfall between the pledged taxes actually generated and the annual obligation on the bond. This obligation would run the land-- would run with the land to the subsequent owners, and would be extinguished once the bond is retired. It would be treated as a property tax lien for the purposes of property-- or, priority, and remedies for failure to pay taxes. This is perhaps the most important new accountability mechanism of LB1168. In the typical TIF project, if the development does not, does not generate the anticipated tax revenue, the city's community redevelopment agency risks having to make good faith on the shortfall. Under LB1168 taxpayer agreement provision, that risk shifts to the developer, giving them a substantial incentive to maximize the value by added virtue of the project. The developer cannot simply walk away from an underperforming project, leaving the city holding the bag. If the project fails, and little or no ad valorem taxes are generated, either the developer or subsequent landowner will have to make good, or the investor's bond trustee can resort to foreclosing on the property to collect what is owed to them. If the developer is insolvent and the land has already been foreclosed on, the investor would bear the loss of what turned out to be a bad investment. The city's only obligation would be the pledged TIF funds such as they are for the 15- or 20-year term. This taxpayer agreement provision aligns the developer's interest with the community's interest in the thriving and successful redevelopment. The developer has a strong incentive to ensure the project succeeds and generates the anticipated tax revenue because their own financial interests depend on it. LB1168 is a - is true to the fundamental principle that has always governed TIF in Nebraska: local control. No city would be required to use

this approach; it is simply an option available for those redevelopment projects that is right-- that is right for. The beauty of LB1168 is that it creates a framework where everyone's interests are better aligned, more people vetting the project, flexibility in negotiations, greater private sector accountability, and more immediate tax revenue flowing to local taxing entities. These are the potential benefits to everyone involved, especially the citizens and the taxpayers. I'd be happy to answer any questions that I can. I have somebody that's worked under this that will be testifying behind me that might be more qualified. Thank you for your time.

McKINNEY: Thank you. Any questions? No? Thank you. First proponent.

XIAO OU YUAN: Good afternoon, Chairman McKinney, members of the committee. Thank you for the opportunity to testify. My name is Xiao Ou Yuan, spelled X-i-a-o O-u Y-u-a-n. I'm the president and CEO of Hageman Capital. We work nationally in real estate finance, but more specifically, we focus on tax increment financing, and is a significant bond investor in tax increment financing bonds. I'm here to testify in support of LB1168. So, from our perspective in the capital markets, this bill is not about expanding TIF more so than the way that you're currently using it; it's about improving how it's structured, and ultimately, how risk can be allocated to private-sector participants. One of the realities of TIF is that structuring really matters. Who ultimately undertakes the risk of the completion of a real estate project should also be responsible for the financing risk of that project as well. What LB1168 ultimately creates is a voluntary financing mechanism through a taxpayer agreement that allows the municipality to shift the financing risk to the developers and to the investors that they bring along to finance the project. Any structure where private capital is involved, and more directly is effectively putting money to work in that project, is going to be met with additional scrutiny in ways that a private-sector participant is more able to, to handle. And one of the components is-- feasibility of the development project is ultimately going to be assessed at a much higher level. And what ultimately happens is you'll see better projects being built, better projects being financed, and a lot of municipal sort of goals being met through it. And when private capital is evaluating a project, there's going to be a tremendous amount of scrutiny on both the feasibility and ultimately who the developer that is-- that's

building the, the project itself. What this bill does is it also allows for flexibility in how much of the increment is pledged. My understanding is that currently in Nebraska, oftentimes, 100 percent of the TIF is being provided-- 100 percent of the new generated ad valorem taxes are being provided to the new development. But instead, what LB1168 does is it allows for the municipality to effectively split any potential revenues that are generated from the development with the developer. So, instead of seeing 100 percent of that-- those taxes going to the developer, you might see 80 percent, 90 percent going to developer with municipal entities keeping the 10 percent. So, what the split does is allows room for immediate tax flows to other local taxing entities. Similarly, we see the structure a lot in other states that ultimately use a structure similar to LB1168 where they'll often split these revenues with other taxing districts such as schools, libraries, other municipal entities during the TIF period. Most importantly, the taxpayer agreement mechanism clarifies responsibility but requires developers the burden of risk of financing. If they're not able to find a private partner to finance their projects, they're ultimately not going to be able to build the project. Again, if any increment revenue is short of the projections and therefore short of paying the bonds associated with the TIF, the developer, not any municipal entity, is responsible for covering that difference. The municipality's obligation, again, is capped at the agreed-upon pledged increment, no more than that. But if actual increment is generated is lower, what will ultimately happen is those-- the developer is going to make up that shortfall. From a financing standpoint, that is a much cleaner allocation of risk, and encourages realistic assumptions on the project and better project discipline while eliminate-- eliminating public balance sheet exposure. LB1168 preserves local control, and again, this is a voluntary tool negotiated between a municipality, a developer, and an investor, and only in the situation where a municipality determines that an incentive is needed to build the project. Again, no city is required to use the structure, no developer is used-- is required use the structure. It simply adds another tool to the economic development tool belt. For those reasons, we believe this is a thoughtful refinement to Nebraska's TIF framework. Once again, thank you for the opportunity to testify today. I encourage you to ask me any questions that you might have, and I strongly urge you to vote this bill out of committee and on to full Legislature for debate. Thank you.

McKINNEY: Thank you. Any questions? I have one. Are you concerned that this might-- may or may not violate our constitution? By-- because within it, it says cities can pledge all taxes. Are you concerned about that?

XIAO OU YUAN: Senator, that's a great question. My, my answer-- and from what my understanding is, the, the answer is no, not too concerned about that. So, ultimately, right now in Nebraska, you're able to provide incentives based on, you know, tax increment revenue that is generated by the projects. What most municipalities do is they, they probably end up providing near 100 percent of the increment that is generated on a projected basis. Really, what, what this bill allows you to do is it ultimately allows you to negotiate that, that percentage even lower. And so, I, I would say I think I would be the opposite of concerned about it violating any constitutional requirements.

McKINNEY: All right. Thank you. Any other questions? No? Thank you.

XIAO OU YUAN: Thank you.

McKINNEY: Next proponent.

CHRISTY ABRAHAM: Senator McKinney-- Senator Clouse, members of the Urban Affairs Committee, my name is Christy Abraham, C-h-r-i-s-t-y A-b-r-a-h-a-m, here representing the League of Nebraska Municipalities. We want to thank Senator Wordekemper. We think he did a great job of explaining the bill to you. We're supportive of this. As Senator Wordekemper said, it's just another tool, I think, for municipalities; it is not mandatory. As you have all heard me say, the league has a TIF working group that consists of city attorneys and developers from across the state, and we chatted with them about this bill. Their sense was that these types of bonds might already be used by NIFA for affordable housing, so they are maybe some kinds of bonds that have already been used in this state, and our larger municipalities may be interested in using them. So, we just wanted to come in and, and be supportive of this. If this can be used for affordable housing, we would be supportive of that. So, I'm happy to answer any questions, but not technical questions. But any other questions.

CLOUSE: OK, do we have any questions from the committee? Senator Rountree.

ROUNTREE: Thank you so much, Vice Chair. Thank you so much for your testimony. As you know, I'm going to keep a pulse on our neighboring states as well, things that are going on in our geographic region. Do you see usage here as well in our neighboring states?

CHRISTY ABRAHAM: That is a good question, Senator Rountree. And I'm sorry, I don't know the answer to that. I'm happy to look into that for you, though. But I'm sorry, I don't know what our surrounding states are doing.

ROUNTREE: No, that's fine. I think you say you think some is already being used in our state, so I just kind of look around us. But thank you.

CHRISTY ABRAHAM: Yeah. Yeah, that's, that's my understanding. What the TIF group mentioned specifically was NIFA, that NIFA was using this particular tool. So.

ROUNTREE: Beautiful. Thank you.

CHRISTY ABRAHAM: Yeah. Appreciate it.

CLOUSE: OK, any other questions? I have one. Why have we not done this before?

CHRISTY ABRAHAM: I don't know. Maybe before Senator Wordekemper, no one thought of it. I'm sorry. I don't, I don't-- I don't know why. And I-- the TIF attorneys that are on the call felt that maybe some of our larger municipalities maybe have used maybe a form of this already, that they feel that they have the flexibility to, to do something like this now, but sort of appreciated that this bill outlined sort of the process and provide clarity on how to do it. So, I don't want to tell you that this is a brand new concept, but I think if it's in statute, maybe more municipalities would look into using it.

CLOUSE: OK. Well, I'm just curious, because we've had a lot of discussion on TIF over the years, and the-- I mean, it's new to me.

CHRISTY ABRAHAM: Mm-hmm.

CLOUSE: And apparently, it's been used in a lot other places, so I just wonder why this is showing up now. I'm not saying for it, against it; I'm just curious as to why this shows up.

CHRISTY ABRAHAM: Yeah. No, I, I appreciate that, Senator. And-- yeah.

CLOUSE: OK. Any other questions, comments? Senator Quick.

QUICK: Yeah, yeah. Thank you, Vice Chairman. So, I, I know Senator McKinney had asked about the constitutionality of it. Does that, does that play in at all, or is that an issue at all, or?

CHRISTY ABRAHAM: Yeah, I, I appreciated that question, and I, I think I may need to give it some thought. I guess my general sense is that the constitution and the Community Development Law gives a lot of flexibility for municipalities to sort of determine in their contracts that they have with developers how they're going to sort do the ad valerium [SIC] taxes. I think you've heard the League say in past that sometimes TIF projects get paid off early. You know, that they don't go the 15 years. And so, even though maybe they've been pledged to funds for 15 years, it only takes 10 or 11 to pay them off. And then, the TIF project ends, and then that increment goes back to all the other political subdivisions, like the schools. So, what I hear them talking about in this is maybe it's a situation where the TIF project may go 15 years, but what the city is going to decide in their contract is we're only going to give you 70 percent of the increment, and then that 30 percent is going be used by-- it's going to go back to the-- those taxing authorities earlier, as opposed to at the end of the TIF project. And if I've got this wrong, Senator Wordekemper is going correct me, and I appreciate that he's going to. But again, I guess my sense from my communities are they really feel like they have a lot of flexibility in crafting that contract with the developer to, to sort of make the best choices for them, to make sure that they are not ever going to be liable for-- you know, if the increment doesn't come in as much as they thought it was, it's not going to come back on the authority or the city to have to pay that difference, so those contracts are going to be structured to make sure the city is always protected.

QUICK: All right. Thank you.

CHRISTY ABRAHAM: Thanks, Senator Quick.

CLOUSE: Any other questions? Thank you.

CHRISTY ABRAHAM: Thank you so much.

CLOUSE: Any more proponents? OK, any opponents? Any neutral? OK. Senator Wordekemper, do you like to close?

WORDEKEMPER: Thank you, Vice Chair Clouse. I'll, I'll do some more checking on some of your questions. I know Indiana and Ohio use these-- this type of TIF funding. I think it's-- it may have been around for a little bit, but I think the key is that as you have investors looking for more stable investments, this is a tool that they're, they're looking into, and they want to use these because they, they want to invest in these projects with the developer knowing that they want success on this. So, I think it's just, like we said, another tool for them to use, and I, I feel like it's going to be more and more sought-after in the future, as people are looking for investments in redevelopment and things like that. So, I think this is a good program, and I think giving the cities another option to look at TIF. And, and, as, as was brought up, it-- it's kind of under the spotlight that people want to say, well, why are we offsetting this tax revenue down the road for 15 years or 20 years? This, this type of financing allows cities, counties, schools to potentially bring in some of that tax revenue from this development that has been increased in value so they don't have to wait for the full 15 or 20 years to start, I'll say, reaping the wards of this development where they can gain some of that along the ways to help defray some of their infrastructure costs. So, I think this is just another way for them to help out the taxpayers.

CLOUSE: OK. Thank you. Any questions? OK. Thanks, Senator Wordekemper.

WORDEKEMPER: Thank you.

CLOUSE: That concludes the hearing on LB1168. We will now move to Senator Guereca for LB1250.

GUERECA: All right.

CLOUSE: Give us a minute, I don't think it's clearing. While we're talking about that LB1168, I had 0 proponents, 1 opponent, 0 neutral, and no ADA testimony. Well, you cleared them out.

GUERECA: Dang.

CLOUSE: Senator Guereca, welcome, and-- LB1250.

GUERECA: Thank you, Vice Chairman Clouse, members of the Urban Affairs Committee. My name is Dunixi Guereca, D-u-n-i-x-i G-u-e-r-e-c-a, and I represent Legislative District 7, which includes the communities of downtown and south Omaha. I'm here introducing LB1250. LB1250 allows a city of the first or second class, or any village in Nebraska, to sell or transfer its water and sewer system to a tribe when two conditions are met. First, the city must be encompassed by tribal lands. Second, the voters must approve the transfer through a ballot measure authorizing the sale or transfer of these systems. If both conditions exist, state law should not stand in the way of a locally-approved decision. This bill responds to a dispute between the Winnebago Tribe of Nebraska and the village of Winnebago. In that case, voters participated in a ballot initiative to transfer responsibility for sewer and-- for water and sewer systems from the city to the tribe. The village, however, has questioned whether the current state law gives it the authority to complete that transfer. LB1250 answers that question directly. It makes it clear that when the voters approve the transfer and the municipal political subdivision lies within tribal lands, the, the municipal political subdivision has the authority to act. The tribe has invented-- invested approximately \$17 million in water and sewer infrastructure since 1979, and another \$8 million in pending projects. These funds come from federal Indian Health Service programs that only the tribe can access. Without clear authority under state law, the community risks losing access to these federal dollars and the infrastructure improvements they support. LB1250 does not force any municipal political subdivision to transfer its systems; it simply empowers local voters, clarifies municipal authorities, and ensures that communities can contribute to access critical infrastructure funding when they choose to do so. There will be testifiers that follow me that are able to speak further on this issue, and with that, I'm happy to take any questions.

CLOUSE: OK. Thank you. Do we have any questions? Senator Andersen?

ANDERSEN: Thanks, Vice Chair. Thanks, Senator Guereca, for being here. How many examples are there-- I mean, how many instances has this happened over this [INAUDIBLE]?

GUERECA: I could look that up. The, the folks following up might have a-- maybe they'll answer that question specifically, and if not, I'll get you an answer to that if they're not able to do so.

ANDERSEN: OK. And it-- it's just principally just to be able to access federal funds, right? That's the catalyst for it?

GUERECA: I think the, the example-- and again, the-- some of the testifiers coming before me could, could expound on the specific case. In this instance, I believe, the tribe, since 1979, has been investing millions of dollars into the infrastructure, and the-- again, the voters approved it. I believe it was 70 percent of the voters said let's transfer that ownership over to the tribe to keep accessing the-- you know, keep expanding, keep bettering that water infrastructure. And there was some lack of clarity on state law. So, this is just seeking to sort of clarify that, that this allowed-- that transaction, once approved by the voters in this, in these specific cases, are allowed.

ANDERSEN: So, it's on tribal land, but a city that resides completely within--

GUERECA: Completely-- correct.

ANDERSEN: --the reservation or whatever.

GUERECA: That's right.

ANDERSEN: If we transfer it to either tribes, if they, if they do that, then, you know, are the city residents then charged a fee for access to the water and sewer? Does their cost go up?

GUERECA: I'll punt that-- I will, I will defer that to the testifier that's coming behind me. If not, I'll get you an answer to that.

ANDERSEN: OK.

CLOUSE: Thank, thank you.

ANDERSEN: Thanks.

CLOUSE: Some of the same questions I had, so this is a one-off or a one situation probably in the state that, that you're aware of.

GUERECA: Yeah, the, the-- that's pretty limited scope.

CLOUSE: OK, thank you. OK, you'll stick around?

GUERECA: I have another one in Banking, but I should be back for close, so.

CLOUSE: Might only take five minutes. Thanks, Senator Guereca.

GUERECA: Thank you.

CLOUSE: If you're not here, will you waive it?

GUERECA: Yeah. But I'll-- I, I should be back.

CLOUSE: OK. OK, do we have any proponents? Welcome. Go ahead.

TREY BLACKHAWK: Good afternoon, Vice Chairman Clouse, and the committee. My name is Trey Blackhawk, T-r-e-y B-l-a-c-k-h-a-w-k, and I currently serve as the member of the tribal council of the Winnebago Tribe of Nebraska. I'm here to testify in support of LB1250. I would like to thank Senator Guereca for introducing this legislation. This bill is an important step toward improving access to clean drinking water for Nebraskans and Native Americans, honoring tribal sovereignty, and promoting continued partnership between tribes and Nebraska. The proposed legislative bill would amend Nebraska statute Section 19-701 to provide explicit authority for cities or villages to transfer any water or sewer system located within tribal lands to ownership and control of the tribe upon vote of the electors. This change is crucial to the Winnebago people, as the village of Winnebago is located entirely within the Winnebago tribe's reservation, but the water and sewer system within the Winnebago Reservation is currently operated by two separate entities. The area within the village of the Winnebago boundaries is operated by the village of Winnebago, a state-chartered entity. The area outside of the village of the Winnebago boundaries is operated the Winnebago tribe. The entire water and sewer system was created through funding provided by the Indian Health Service,

with over 60 projects dating back to the 1970s. In the past 30 years, the tribe has contributed approximately \$17 million to the system, and there are several million dollars in additional projects pending. This federal funding from the Indian Health Service sanitation program is only available to the tribe and not the village. Still, the tribe pays substantial tapping fees to the village while funding repairs and major improvements for the system. This bill would promote the voters of the village to consolidate the water and sewer system under tribal control, permitting the tribe to use readily-available federal funds to improve water services for all. The Winnebago Tribe has a technical, administrative, and financial capacity to fully operate, maintain, and improve the system for the benefit of all residents. I respectfully urge the committee to advance the legislation and permit tribes to better apply federal funding to improve existing water and infrastructure. Thank you for your time.

CLOUSE: OK. Thank you. Any questions? I have one, and it, it kind of ties in with what Senator Andersen talked about. It's the only village within the tribal-- within the reservation, and the challenge is, is probably because it's, it's incorporated within the state of Nebraska. Is that probably what the-- the biggest issue?

TREY BLACKHAWK: Yes, that's correct. Yep.

CLOUSE: OK. Thank you. Senator Andersen.

ANDERSEN: Thank you, Vice Chair. And thank you, Mr. Blackhawk, for being here. So, the whole time when the waterworks were owned by the village, the city, could the Winnebago tribe have to pay fees to use the water and sewage?

TREY BLACKHAWK: I believe so. If not, I could come back with what, what the correct answer that-- I could get that to you.

ANDERSEN: OK. And when-- in your testimony, you talking about the Winnebago tribe contributing \$17 million, right? That's \$17 million of federal money? Or is that--

TREY BLACKHAWK: Yeah, yeah. That's correct.

ANDERSEN: --tribal-generated money?

TREY BLACKHAWK: Correct. That would be federal money.

ANDERSEN: OK, so you guys got it from, from the feds, and then you put it towards the project.

TREY BLACKHAWK: If, if-- I'm not sure on that. I could get back with our, our legal counsel, and then I could have that answer to you.

ANDERSEN: OK. So if that, if that is true-- and I can maybe put it on hold or whatever. But if that is true, then why do we need to change it if you can still already access the federal dollars now and keep doing it? It seem like this is an administrative change in name only, if the function already exists for the tribe to get the federal tax dollars to do the water projects. [INAUDIBLE] what I'm saying?

TREY BLACKHAWK: I, I, I think just the clarity of it is that, with it being the village entity, that we're not able to-- the village is not able to get the federal funding that is--

ANDERSEN: Right.

TREY BLACKHAWK: --more appropriated to the tribe, so. I, I think that would--

ANDERSEN: I'm sorry, go ahead.

TREY BLACKHAWK: No, I, I was finished.

ANDERSEN: So then, if this changes over to become tribal waterworks, will anything change in relationship and the ability to access federal dollars for the projects? Would anything change, or would it still be the same?

TREY BLACKHAWK: I believe it would still be the same. I just know that with it being transferred over to the tribe that we're able to get the appropriate funding to better-- you know, do better infrastructure for our water and sewer system. And then, going back to the, the question that was asked that the, the rates for the residents would still remain the same as well.

ANDERSEN: So, the residents of the reservation, or of the city?

TREY BLACKHAWK: For, for both. It would still be the same

ANDERSEN: So, the residents, the non-tribal folks, they, they pay a fee as well for water and sewage and all that?

TREY BLACKHAWK: Well, with that, I would, I would like to get back with our legal counsel, and then we could have the correct answer for you.

ANDERSEN: OK. Thank you.

CLOUSE: OK. Thank you. Any other questions? OK. Thank you.

TREY BLACKHAWK: Thank you.

CLOUSE: Any other proponents? OK. Any opponents? Any neutral? OK. Senator Guereca, you didn't get far.

GUERECA: I did not. I literally was walking down the hall and caught me on the way in, so. Thank you, colleagues. So, looking at some of the notes that was passed along by the Winnebago tribe, it-- so, it, it looks like the, the tribe is currently paying pretty substantial tapping fees. I don't know exactly what they are, but they are paying them into the village while at the same time funding most of the major repairs and, and improvements. So, I think what this is really about is local control and sort of "streamlining." It doesn't really make any sense to have two sort of entities, kind of one funding most of it, but one sort of being there and-- you know, per their own-- the village actually admitted to receiving that money, but not exactly investing it in water and sewer systems, but funding other government programs with the revenues. I know there was a lawsuit running around, so-- and that was in their pleadings. So, it really is about "streamlining" the operation; doesn't make much sense if-- to have two entities, one with access to federal resources, the other one not. So really, it's about streamlining by local controlling it. Over 70 percent of the residents of the village of Winnebago approved the sale. Again, this is a really limited scope to what local municipal political subdivisions are being affected by this, so just ensuring that those folks have the ability to ensure that their will is sort of being met.

CLOUSE: OK. Thank you. Any-- OK, thank you, Senator.

ANDERSEN: I got a question.

CLOUSE: Oh, I'm sorry.

ANDERSEN: Yeah, I'm sorry if you're not the right guy. Do you know what the percentage of the-- the city is of the reservation?

GUERECA: I don't, but we can get you that, that number. I do, I do believe all members of the village board are members-- yeah. All current members of village board are also members of the Winnebago tribe, so that specifically is to the village board. As the total population of the town of Winnebago, we can get you that number.

ANDERSEN: So, what's the advantage of having a city board? Why wouldn't you just-- I mean, wouldn't the Winnebago Reservation take a higher priority? Wouldn't that-- I mean, why do you have a city?

GUERECA: That's what we're trying to streamline. I say-- I think that's sort of-- oh, what do you mean, the--

ANDERSEN: [INAUDIBLE] the waterworks.

GUERECA: --the actual city itself? To that, Senator Andersen, I can't touch. We're specifically dealing with the waterworks here. That, again, that-- that's sort of outside of the scope of this bill. But I can't really answer on that.

ANDERSEN: Obviously, I'm not fluent in the Winnebago tribe, obviously. Do the waterworks in the city-- or, owned by the city, does that support the entire reservation?

GUERECA: I believe not, just within the boundaries of the city limits.

ANDERSEN: OK.

GUERECA: So, the, the, the, the, the boundary of, of, of the reservation is much larger than the actual town, the village of Winnebago.

ANDERSEN: No, I get that.

GUERECA: Yeah.

ANDERSEN: But the waterworks,--

GUERECA: Right. The-- so--

ANDERSEN: --the waterworks could be for the whole reservation.

GUERECA: --it's two separate, two separate systems.

ANDERSEN: So, the--

GUERECA: Oh, same? Oh. Apparently, it's the same.

ANDERSEN: So, you have two different separate waterworks.

GUERECA: Same waterworks.

ANDERSEN: One is tribal-owned, one is city-owned. Is that right?

GUERECA: We'll get you the answer to that. I, I-- it's-- it-- I'm hearing from the back that it's the, it's the same water system.

ANDERSEN: OK.

GUERECA: So again, it, it's a confusing boundary, which this bill seeks to really clarify.

ANDERSEN: OK. Thanks.

CLOUSE: OK. Thank you. Any other questions? OK. Thank you.

GUERECA: Appreciate it. Thank you.

CLOUSE: That concludes LB1250. We had, online, 2 proponents, 0 opponents, 0 neutral, and no ADA testimony. OK. Next, we have LB1129. Senator Dover.

DOVER: Good afternoon, Chairman [SIC] Clouse, and committee members. My name is Robert Dover, R-o-b-e-r-t D-o-v-e-r. I am the-- I represent District 19, which is Madison County and the south half of Pierce County. I'm here today to introduce LB1129, a bill "intertended" to strengthen and clarify Nebraska's Community Development Law so that tax incremental financing can continue to function as a practical and responsible economic development tool for communities across the state. LB1129 was

brought forward after conversations with local leaders who shared a common concern. In many Nebraska communities, tax incremental financing is not simple-- a simple one option among many; it's often the primary tool available to encourage redevelopment, attract vibrant investment, and prepare land for growth. When the tool cannot be used where development pressures are actually occurring, communities are left without a meaningful path to support new investment. This bill makes two targeted upgrades. First, LB1129 recognizes that cities are responsible for planning and guiding development, not only within their corporate limits, but also in their extraterritorial jur-- zoning jurisdiction. These areas are already subject to municipal oversight and long-range planning. Allowing TIF to be utilized in these locations provides communities the ability to coordinate infrastructure, support orderly growth, and respond to development opportunities that could otherwise be difficult to advance. Second, LB1129 addresses concerns raised by communities regarding the determination of extreme blight. Under current law, federal census data is often used to establish eligibility, yet in smaller and rural areas, the data can be-- can significantly-- excuse me-- can carry significant margins of error, and-- or fail to accurately reflect local conditions. This bill clarifies that when such data is unreliable or insufficient, governing bodies may rely on other credible information available to them. This change promotes accuracy, transparency, and confidence in local decision-making while preserving the intent and safeguards of existing law. At its core, LB1129 is about ensuring that Nebraska communities can responsibly use the redevelopment tools already provided in statute to encourage investment, expand their tax base over time, and improve quality of life for the residents. Thank you, and I'd be happy to answer any questions.

McKINNEY: Thank you, Senator Dover. Any questions from the committee? Senator Andersen.

ANDERSEN: Thanks. And Senator Dover, thanks for being here. Appreciate your patience with me. Normally with TIF, those are confined to blighted or extremely blighted areas, is that right?

DOVER: Correct.

ANDERSEN: So, what you're looking to do is expand it into the ETJs.

DOVER: Correct.

ANDERSEN: OK.

DOVER: This allows-- it, it just allows, say, a business may want their-- ETJ is a-- obviously, a large open area outside of, of the cities, and it just allows for a lot of opportunity for affordable housing developments or other economic development tools that wouldn't be able to be inside of the city.

ANDERSEN: But TIF can be used inside of cities, right?

DOVER: Correct.

ANDERSEN: If it's blighted, extremely blighted, or a census tract.

DOVER: Correct. And right now, they can. And so, one of the-- one of the two things this bill does, it allows it to be used in the ETJ.

ANDERSEN: OK. Thank you.

DOVER: Thank you.

McKINNEY: Thanks. Other questions? Senator Clouse.

CLOUSE: Thanks, Senator McKinney. So, the, the basis of this is just to allow it to be used in the ETJ.

DOVER: That, and also--

CLOUSE: And you're looking at the funding, or the criteria.

DOVER: Pardon?

CLOUSE: The, the criteria is also changing for--

DOVER: Correct. Those are the two things my bill is doing, yes.

CLOUSE: And the, the extremely blighted, why did you lower those?

DOVER: I have people following me up from-- actually, well, one thing that we passed out-- I don't know that, if one of the

speakers is aware of it, but there should be a picture that you received. What you're looking at is the, the old Norfolk sales barns and also the, the IBP Monolith that we have in the southeast part of Norfolk. And so, if you look at that area-- jokingly, I put up that is, that is the extraterritorial jurisdiction TIF poster child there, because if that wouldn't be a poster child for extra-- excuse me, extremely blighted TIF, I don't know what would be. So, I don't know how we could ever-- I mean you could be a mayor, Senator Clouse. How would you ever deal with that, unless you had extremely blighted 20 years of TIF available to you? And, and there'll be people behind me that have been-- actually, this is-- this example right here is why we have this, is one of the reasons we have this bill right, right now today.

CLOUSE: OK. Thank you.

DOVER: Thank you.

McKINNEY: Other questions? Seeing none. Thank you.

DOVER: Thank you.

McKINNEY: First proponent.

MIKE BACON: Members of the committee, thank you for your ability to sit and listen this long. My name is Mike Bacon, M-i-k-e B-a-c-o-n, 416 10th Street, Gothenburg, Nebraska. I'm an attorney from Gothenburg. I speak in support of LB1129. I represent only myself. I have a statewide practice in community and economic development. It's been my privilege for more than 35 years to assist 85 communic-- communities to grow business and safe and accessible housing from Scotts Bluff County to Douglas County. The Nebraska Community Development Law is the primary tool and the only significant tool that's available to communities to growth their tax base. And, and in at least 80 percent of the state, it's the only thing that they have to make those communities remain viable. LB1129 addresses historical shortcomings to the Community Development Law. The current law allows for tax increment financing in the extraterritorial areas in only two instances. One is in former defense sites, a closed air base and, and that sort of thing. And secondly, for skip annexation, for agricultural processing facilities, for second-class cities and villages. It does have this odd piece that allows for community redevelopment authorities to operate up to

three miles outside of their city limits, but it does not allow them to use TIF. What it does do is allow the city to tax their taxpayers and export that money outside of the city limits, but not have the ability to TIF it, which is-- it's been in there for decades. So, the, the Senator spoke of poster child for his community. I have one from, from the county in which I live. I do not speak for the city of Lexington, but it lost 3,000 jobs, and you should understand that the Tyson assets are not inside the city limits. A significant benefit is not necessarily that building that's half a million square feet; it'd be very tough to reuse, and they certainly don't want to make it available for a competitor. But the sewage system does have significant value to that community to attract other businesses. The use of TIF is denied the city of Lexington to make those assets available, or to support that area out there. Can we annex it? Can they annex it? A lot of the property owned by Tyson is agricultural and cannot be annexed. The current-- the second piece of LB1129 talks about shortening a period of time for undeveloped property from 40 to 25 years; that blight definition has been in for 30 or 40 years. In all of of projects that I've worked on, I've not seen undeveloped land that has been subdivided ever used in those 85 communities. There may be some that do. Extremely blighted, real frankly, doesn't work because they use census tracts that do not align even with the city boundaries, and so providing some definition that's available to the cities to review would be excellent. TIF is really the only tool out there, and I'm told that time and time again. Be glad to answer any questions.

McKINNEY: Thank you. Any questions from the committee? I have one. How do you feel about the Auditor's recent, you know, report that TIF has been misused?

MIKE BACON: I've been in a lot of communities, and I've been "subbed"-- I listen to these communities sit with their city councils; I sit with the bankers, I, I, I sit on a loan committee for a fairly large bank. And the problem is you have a lack of capital. They're not going to go into those communities and invest in those communities without something to help buy down the cost. I sat in a, a, a community that is a village size and representing the community, and the developer says, "I'm not coming. I'm not going to build those 14 houses unless there's something to buy down the cost, period." That's the, that's the testimony. The coffee-shop talk and the third bar stool down, real frankly, is largely false. You can't get people to get--

to, to provide lower-cost housing unless there's some way of buying it down. The Copper Creek development in Grand Island started out at \$150,000 a house. It was great. But that was only because there was a significant TIF to help buy down the cost of the infrastructure. The infrastructure costs, the land costs, are just prohibitive. I don't see anybody pillaging and plundering; they're trying to provide a product that will sell at a price that works, or they're trying induce a business to come to their community. Dawson County lost over 3,300 jobs in this run with Tyson, about 500 jobs when Monroe's closed, about 100 jobs when Baldwin filters closed in a, in a county of 25,000. We-- I don't see the abuse. It's easy if you don't understand it. The test is, are you going to build a project anyway? Or is it not financially feasible unless you get TIF? That has been in the statute since the '90s.

McKINNEY: So, do you--

MIKE BACON: They have to prove either that the-- they can't get the loan, or that the cash flow is less than necessary to induce the investment. They have to prove it to the redevelopment authority and to city council.

McKINNEY: So, do you think the, the Auditor just don't understand?

MIKE BACON: Bingo. I've done this for three and a half decades all across the state, and I, I will tell you that it is largely misunderstood, yes.

McKINNEY: Do you understand his caution?

MIKE BACON: This-- the deal is, are you going to come and do this without TIF? No. If I give you TIF to, to take care of that gap, will you come? And yes, they look every time at what's the impact on the school? What's the impact-- how-- and they have to disclose. What's the transfer of, of dollars that's going to benefit you? How much is that? Do you have other impacts? So, it's, it's pretty significant review. It's called a cost-benefit analysis on every project before a redevelopment contract is entered into. And they have to notify the school district, the county board, the NRD. They have to notify the-- let's see. Oh, the school system. We're having a hearing on this. Come talk. Yeah.

McKINNEY: Is TIF sort of like a Band-Aid to bigger problems, if these municipalities are losing so many jobs and things like that?

MIKE BACON: No, that's just, that's just the nature of the, of the process. It's not, it's not a Band-Aid, it is a tool to swim upstream. You can-- yeah. It's a tool. It's not a Band-Aid, because--

McKINNEY: But if you lost 100 jobs, how are you getting those 100 jobs back?

MIKE BACON: That's, that's just the nature of the new manufacturing facilities. The Baldwin Filters was a great facility, but they condensed everything into Kearney and eliminated, eliminated the jobs there, so.

McKINNEY: But when TIF was used, were 100 jobs returned?

MIKE BACON: What, what happens with TIF, real frankly, is that economic activity begets other economic activity. It provides support jobs, it provides wages, it grows tax base, houses. There's a net benefit to the community. The, the biggest one, real frankly, recently that I've done was the Sustainable Beef project. They had to pay for 50,000 truckloads of dirt to go in to just make it work in that site. It's going to create 850 direct jobs, but what it's going to do for the city is generate another 1,120 jobs, not necessarily for direct support, but gas stations, grocery stores, doctor's offices, hospitals. It's going to grow the community and grow the tax base.

McKINNEY: Is that hope?

MIKE BACON: Is it-- pardon?

McKINNEY: Is that hope, though?

MIKE BACON: I'm sorry--

McKINNEY: Is that just hope, that--

MIKE BACON: That just opened, yep.

McKINNEY: No, I'm saying, is that hope that--

MIKE BACON: Is that hope? No, that was a-- that was based on a study done by Ernie Goss. Yeah.

McKINNEY: So, it's a guarantee that 1,100 jobs are--

MIKE BACON: It is-- basically, the study that he did was--

McKINNEY: Because that-- because I, because I think that's the problem. I think-- and where I'm trying to get at is, a lot of people have issues with TIF because they being-- they, they feel as though they're being sold on this dream that if you use TIF, all of this is going to come. And in a lot situations, a lot of those things haven't come to reality. So, that-- that's kind of why I'm asking.

MIKE BACON: Oh, sure, sure. Well, my experience, and I can only give you my experience, is that the communities that use TIF on a regular basis to address their shortcomings, grow their tax base, grow their revenue, are able to get housing built in their communities. So, my experience is they improve the lives of their communities. I just don't see-- this is an old guy talking to you. I've done this for a bit. I, I, I don't see the abuse. I see, I see every opportunity for the communities and members of the communities and members of the government-- other government entities to come in and look. It's, it's an open book. Yeah.

McKINNEY: All right. Thank you.

MIKE BACON: Thank you for your questions.

McKINNEY: Senator Andersen.

ANDERSEN: So, ETJs aren't stagnant, right? Because cities will annex land so the ETJ continues to expand, right? How do you deal with that when you talk about a 25-year requirement or baseline in order to--

MIKE BACON: Well--

ANDERSEN: --qualify for TIF when the ETJ moves?

MIKE BACON: The, the issue is not so much being able to annex, because you can, but what you can't do is annex agricultural ground. So, that's-- you know, people say can you TIF a cornfield? What's a cornfield doing in your city? No. But if

there's a business-- and this happens a lot in first-, second-class cities and villages-- the development is generally on the periphery or the outside. TIFing a downtown in a town of 10,000 or 20,000 for an old building doesn't get you much, but if you can build a housing development or get a new industry that doesn't want to be in town, that has an impact that spreads. Yeah. I don't know if that's a correct answer.

ANDERSEN: OK. Yeah, thank you.

MIKE BACON: Yeah. Yep.

McKINNEY: Senator Clouse?

CLOUSE: Thank you. Thanks, Mr. Bacon. It's been a long time. We were working on some stuff in Kearney and the KAAPA plant. Remember that, years ago? I have a question. We've talked a lot about TIF. I mean, we've got a lot of bills dealing with TIF, and one of them is one that, that I'm working on, dealing with the blighted and substandard designations. Do you see that? We had a testifier come up who's talked about how in small communities they shy away from that because they don't want their communities to be considered blighted and substandard. So, do you think the effort to change that verbiage is fruitless, or do you think we should still continue to do that?

MIKE BACON: So, I consulted on a project in Rhode Island a number of years ago that didn't launch. In Rhode Island, they could just come up with a special bill and give it away for 40 years. I think there needs to be some parameters on that. Blight and substandard is a definition that can be set by you, as a, as a sitting Legislature, so you can define that. There are some things that you could maybe add to that. There-- you know, is it in a floodplain? That's, that's a good piece. And I see a lot of that in outstate communities. So, that may be a better place to address what blight and substandard is, because it-- it's not mandated for that definition. It is not, is not established in the constitution, what blight and substandard is. That's in your, your hands.

CLOUSE: Because we've talked a, a-- quite a bit about in need of development, re-development.

MIKE BACON: Yeah.

CLOUSE: You know, the tone of-- just the tone changing, but still means the same thing, in need of development or re-development.

MIKE BACON: So, this bill talks about underdeveloped ground, and I think that goes a long ways towards doing that. You know?

CLOUSE: That type of terminology?

MIKE BACON: Yeah. Mm-hmm. Yep.

CLOUSE: OK. Thank you.

MIKE BACON: Thank you.

McKINNEY: Other questions? No? Thank you. Oh, Senator Rountree.

ROUNTREE: I'm sorry, [INAUDIBLE]. Thank you so much, sir, for your testimony. And being from Gothenburg, I really appreciate the Pony Express that's there in Gothenburg. Really nice, and I see that you have worked on some accessible homes as well, so we get a chance to talk about that more. But if we expand out into the ETJs for TIF, what's going to be next? Will we finally come to a place that we eliminate all requirements and everything would become eligible?

MIKE BACON: It, it sounds like, oh my gosh, what are we-- what-- what's coming? Are you opening the door? First of all, I, I don't think it's going to be a runaway. And the reason that it's going to-- not going to be a runaway is that the city wants a development inside their city limits. The, the tens of millions of dollars in, in Tyson is not in the city limits, and that's because it started out as a combine manufacturing plant, and they negotiated "don't bring us inside the city limits, because you're going to tax us." And so, that's, that's how come that's out there. There are some-- you know, you don't necessarily want an ethanol plant smelling up your city, but-- if you can be outside of there. But it's not going to be a runaway. It-- and, and people that think it is don't understand that, that-- they want that-- they want the good stuff inside their city limits and-- but, but perhaps some housing, housing costs. If you look at it, in Omaha, there's-- AI says there's 133,500 single-family residences. My-- I operate on the assumption that there's probably 1 percent per year that are no longer functional. That's 1,300 houses you have to build in Omaha per year to stay

even. And you need some tools, real frankly, to help buy down the cost for people, and TIFF is the only thing that does that.

ROUNTREE: Thank you so much. Appreciate it.

McKINNEY: Thanks. Other questions? No? Thank you.

MIKE BACON: Thank you all.

McKINNEY: Next proponent.

RANDY GATES: Good afternoon. I'm Randy Gates, G-a-t-e-s, finance officer for the city of Norfolk at 309 North 5th Street, Norfolk, Nebraska, 68701. Senator Dover already touched on what I was going to focus my testimony on. The-- kind of the southeast part of Norfolk, we've got areas that I think most people would consider extremely blighted. They've been in a blighted and substandard area for quite a few years, but still have not developed. The Norfolk livestock market is one of those. It-- there's a day it was a, a great facility. It was the largest livestock market in the world, based on number of heads sold. But 10 years ago, or a little over 10 years ago, that closed, and it's sitting there vacant, "outused" and deteriorating. And it's adjacent to the old packing plant, the old Tyson plant. That closed in 2006, and it too is sitting there vacant and deteriorating, and hasn't developed. And we've had people come and look at facilities and consider developing or redeveloping these facilities for their businesses, their projects, and just haven't been able to make it work with the 15-year TIF that is available if you're just in a regular blighted and substandard area. So, we need something more to help incentivize development in this area. And everybody that looks at that-- I shouldn't say everybody, but the majority of the people who look at that area would say it's extremely blighted and substandard. We've had a TIF policy committee that's been in place for, oh, about a year that was appointed by the mayor, and they've been looking at developing a recommended TIF policy for the council. And at their last TIF policy meeting, one of the co-chairs mentioned that a-- the Norfolk livestock market would be a good candidate for 20-year TIF. He was assuming, I believe, that that was extremely-- being able to be extremely blighted. It is not, under current statutes. It does not qualify. And I know some of the committee members were shocked, you could see it on their face, that this was not qualifiable to be designated extremely blighted. The others may

have been just as shocked, but had a better poker face. I don't know. But it, it surprises people when they hear that this area cannot be declared extremely blighted and substandard. I think the bar is set too high in statutes to develop some of these properties that really need that extra five years of TIF. That can give you a significant boost in your TIF principal, significant boost of extra money that can go into this project that you're not going to get if it's not extremely blighted and you don't qualify for that 20-year TIF. So, I think that bar needs to be lowered. Right now, the unemployment rate needs to be twice. The state average, this area meets that. It's at 6.1 percent; state average is 3, but it does not meet the poverty criterion. Comes real close. It's 19 percent, but it doesn't meet the 20 percent that's required. What this bill would do is cut those down to basically 150 percent of the state average. That's what would happen specifically for the unemployment rate. That's what is happening [INAUDIBLE] explicitly, I guess you would say, for the poverty rate. The state poverty rate is around 10 percent, so the 20 percent that's in statutes now is about double the state poverty rate. So, it cut-- cut it down to 15 percent, what's in the bill now, or about 150 percent, consistent with what's happening with the unemployment rate in that bill. So, I think it's, it's very important that-- to get some of these extremely blighted areas developed, to have these changes in statutes. Because the way statutes is now, I don't think Norfolk has any areas that could be declared extremely blighted and substandard.

McKINNEY: Thank you. Any questions from the committee? No? Thank you. Next proponent.

CHRISTY ABRAHAM: Senator McKinney and members of the Urban Affairs Committee, my name is Christy Abraham, C-h-r-i-s-t-y A-b-r-a-h-a-m, here representing the League of Nebraska Municipalities. We first want to thank Senator Dover. He has been sort of a TIF champion for us for the last couple of years, and we appreciate that. Last year, we expanded TIF a little bit on affordable housing, and we feel like this bill is also doing that, providing municipalities a little bit more flexibility to do affordable housing. As you've heard from the previous "textifiers," sometimes that housing development happens more on the periphery of the municipality as opposed to the urban core. So, this is giving just a bit more flexibility on, on that issue. We've also heard from municipalities that this meaning of the definition of extremely blighted can be a challenge.

Sometimes, the federal data is not as consistent or as reliable as they would like it to be, and they're struggling to meet the definition of extremely blighted. So, we appreciate that in this bill, there's this option that the cities, if they have reliable data on this, that that data can be used if the federal data is unreliable. So, we just think that is an added flexibility that our municipalities are really going to appreciate. So, I won't repeat, obviously, what our previous testifiers have said, but we are in strong support of this bill, and we're happy to answer any questions.

McKINNEY: Thank you. Any questions from the committee? No? Thank you. Oh. Rountree, Rountree. I keep missing you.

ROUNTREE: Thank you so much, Chair McKinney. OK, that's all right. I normally don't ask questions, but I did have one I wanted to ask her, so. I'm going [INAUDIBLE] testimony that a couple of years ago, we made some changes to the TIF and we got some new affordable housing. Did we see good results from that, and anticipate good results from this change?

CHRISTY ABRAHAM: Yeah, that-- that's a great question. Senator Dover's bill on affordable housing, I think, just passed last year. Just, just last year. So, I don't know that I can tell you I'm seeing immediate results on that, but I do think that you are going to start seeing a trend of more housing being built because of that, that great bill that you guys passed that, that allows for a little more flexibility in affordable housing. And we think this bill will have that similar impact, so. And I, and I have an answer to your question on the previous bill too, but I'll, I'll text it to you. OK

ROUNTREE: Thank you so much. I appreciate it.

CHRISTY ABRAHAM: You bet.

McKINNEY: Thank you. Other questions? No? Thank you.

CHRISTY ABRAHAM: All right. Thanks so much.

McKINNEY: Next proponent.

CAROL BODEEN: Good afternoon, Chairperson McKinney, members of the committee. My name is Carol Bodeen, C-a-r-o-l B-o-d-e-e-n. I'm the director of policy and outreach for the Nebraska Housing

Developers Association. We are here in support of Senator Dover's LB1129, and we thank him for his work to expand areas eligible for tax increment financing to these extraterritorial planning zones which municipalities have designated. The changes that would result from this legislation would solidify the ability to do TIF projects within these zones. The additional flexibility for the extreme blight designation would make it much more attainable in our rural communities. It has been our position to support innovative finance strategies such as TIF and its expansion to facilitate additional community investment to make affordable housing development more feasible, more feasible. Cost of land has been mentioned as a reason for the high costs of development, and TIF can be a way to finance infrastructure and reduce that cost. TIF is a local tool that in-- that assists community development in a way that leverages both local and state investment. I'm not an expert in the technical aspects of using TIF as those who have gone before, however, we have many members who are committed to assisting in any way as the Legislature considers any future changes to how it can be used. And I did just want to-- Senator Rountree had asked about results from last year's legislation that Senator Dover had introduced, and there was a project with NeighborWorks Lincoln that was able to move forward as a result of that last summer. And if you want any details on that, I can get a hold of them,--

ROUNTREE: That's, that's great. Thank you.

CAROL BODEEN: --but it, it did work right away, so. That-- I won't repeat anything else of, of all the great things that have already been said, but happy to answer any questions.

McKINNEY: Thank you. Any questions from the committee? No? Thank you.

CAROL BODEEN: Great. Thank you.

McKINNEY: Next proponent. Any opponents? Anybody testifying neutral? Senator Dover, you're welcome to come up and close. And for the record, for LB1129, there were 5 online proponent comments, 1 opponent, 0 neutral, and no ADA.

DOVER: Thank you. I just [INAUDIBLE] wanted to look at that little diagram again, and just think, if, if there wouldn't be a reason to do extremely blighted designation for a redevelopment

project-- I mean, what would you ever do with a building that that's large? Yeah. I don't, I don't know. And so that was the-- when I heard that we couldn't get extremely blighted, I, I thought I needed to get work for my community and other communities across the state, and that's why brought LB1129. It's a measured update that reflects the realities that communities face as they work to grow and redevelop responsibly. The bill does not create a new program or remove existing safeguards. Instead, it clarifies how current law can be applied so that communities can use tax increment financing where planning responsibility already exists, and rely on accurate information when making blight determinations. Ultimately, this bill recognizes that redevelopment does not occur simply because the community hopes it will; it occurs when local leaders have workable tools to partner with private investment and address barriers that would otherwise prevent projects from moving forward. LB1129 helps ensure these tools remain practical, transparent, and grounded in local conditions, allowing communities to support new development today while building a stronger tax base for tomorrow. For those reasons, I respectfully ask the committee to advance LB1129. Thank you, and I'm happy to answer any questions. And again, I just say this is-- this still comes down to community government. It's the city of Norfolk that will decide if they want to move forward with the designation. So, this is, this is all local people making local decisions based on local, on local conditions. So, thank you.

McKINNEY: Thank you. Any questions? Senator Andersen.

ANDERSEN: Thank you, Chairman. And thanks, Senator Dover, for being here. The stipulation is 25 years, right?

DOVER: Correct.

ANDERSEN: Why is it 25 years? Is that just an arbitrary number, or?

DOVER: I believe it's 6-- is it 60 right now? Or what's the-- in the statute?

MIKE BACON: There's a sixty-four.

McKINNEY: We can't--

DOVER: Oh, sorry.

McKINNEY: We can't-- yeah.

DOVER: Because the current number is-- doesn't work, and we worked with a, a number of, of leaders across the state, and even with agreement with, with the League of Municipalities, and it-- and 25, everyone agreed on, would be a good, workable number.

ANDERSEN: So, even, like, with the Tyson plant-- or, not Tyson, but the-- the other one. The Lexington plant. Does that just sit for 25 years before it could actually be-- qualify for TIF [INAUDIBLE]?

DOVER: I can't answer that question. I don't, I don't believe so.

ANDERSEN: I just-- I, I-- [INAUDIBLE]

DOVER: I don't, I don't-- I couldn't answer that question. I'm sorry. But I can get you the answer.

ANDERSEN: Yeah, I guess the question-- why-- if it-- 25, why wouldn't you make it 10? You know, if it's been sitting idle and been empty and it's blighted for 10 years, you know, isn't that good enough to say, OK, qualify for additional funding mechanism?

DOVER: Yeah, I think, I think because that's a-- and doesn't happen very often. The whole idea is extremely blighted and substandard shouldn't be just used every place. It should be used because you really need it to improve something that's saying-- that-- it's had the opportunity, I guess, to sit on the market, so to say, and to be for sale, and it just hasn't-- and nothing's happened for 25 years, so that's got to-- we've hit that line now. I think we should be able to use extremely blighted. I hope that understand-- explains.

ANDERSEN: Yeah, I just don't know that-- it seems kind of arbitrary. I don't know why it's not lower than 25, maybe 15 [INAUDIBLE].

DOVER: I guess just-- the, the idea is just-- let's-- I mean, sometimes commercial projects take a while.

ANDERSEN: Yeah.

DOVER: And people-- you know, just, it's, it's a long-term project, so I think that-- I think it was probably just a number that everyone could agree on. But, but I think a property needs to stay there for a while to see if someone will come and invest in it over a number of years, and then when no one has, in this instance 25, then it would be available to use extremely blighted.

ANDERSEN: Yeah, that's a generation will pass, 25 years. The substandard and blighted and higher than average on a [INAUDIBLE], how is that defined?

DOVER: Well, so, in the constitution, it says you have to use the measurements of unemployment and poverty, right? And so-- and use census tract-- I think-- let me see right here. Just one second.

ANDERSEN: Is that for impoverished areas? Is that the point?

DOVER: Pardon?

ANDERSEN: Is it for impoverished areas?

DOVER: Yes. I mean, initially, the, the tool was used to go into inner cities--

ANDERSEN: Right, right.

DOVER: --and say this is-- a bit like in Omaha, like certain places that we've seen over the years developed and look quite nice now. And what happened was, it was a tool then, and finally they realized with the cost-- increased cost of everything, it's just not going to happen without TIF. And, and that's an if, if but-for clause, so.

ANDERSEN: Doesn't the census tract cover that?

DOVER: The census-- well, we're supposed to-- so, in the-- just one second here. Just one second here.

ANDERSEN: That's all right. I can, I can heat you up on the floor tomorrow.

DOVER: OK, yeah, yeah.

ANDERSEN: You can explain it to me then.

DOVER: So you have to use-- you have to use the census tract for one of them. And the problem we ran into was we had two studies done in Norfolk. One said no way, one said we could. And so, what we did-- then I decided we need to find out how someone was able to-- and it was Tim Elder [PHONETIC] out of Lincoln come up with a way that with this blighted and substandard study that would allow the extremely blighted. And so, we got in talking to him, and we actually-- the guy, if you really want to see a statistician, he's-- Tim was one of them. And what happened was, we started running numbers, and it just-- the numbers were not reliable. You couldn't, you couldn't make the numbers work reliably. The margin of-- the margin of error was huge, and so he was able to, as a statistician can, move the numbers around. Of course, the process that he would use has to be approved by the local community.

ANDERSEN: Yeah. Thank you.

McKINNEY: Thanks. Other questions? No? Thank you.

DOVER: Thank you.

McKINNEY: That'll close our hearing for LB1129, and we'll move on to LB1227. Senator Andersen.

ANDERSEN: Good afternoon, Chairman McKinney, and members of the Urban Affairs Committee. I'm Senator Bob Andersen, B-o-b A-n-d-e-r-s-e-n. I represent District 49, which includes northwest Sarpy County in Omaha, the best district in Omaha. I'm introducing LB1227 to improve consistency and affordability in electrical codes. The idea for this bill was brought to me by the home builders. The intent is to str-- is to standardize electrical and energy codes across the state of Nebraska. It is also intended to decrease the cost of new buildings, especially housing. LB1227 states if a county, city, or village adopts a new local energy code, they must show that it is cost-efficient to the building owner. Cost efficiency is defined as the additional cost from the new code must return an equal or greater savings in energy costs to the building owner within five years. This is modeled after an existing law in the state of Michigan, Act 230 from 1972. The State Department of Water,

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Energy and Environment, DWEE, currently determines and reports on a rate of return for various optional building features. As you all know, electrical code is established by the state. We typically achieve a balance between updating the code and increasing costs to the homeowners. In 2024, the Legislature updated the state electrical code to the 2023 standard with LB716. Removed from LB16 [SIC] were the four major cost increases to builders, and thus new home buyers. Those exorbitant building increases included whole house surge protectors, GFCI in unfinished basements, 250 GFCI for major appliances if within six feet of a water source, and an outside disconnect. LB716 was passed by a vote of 41-1. There are cities in Nebraska which arbitrarily re-added the high-cost building codes, exacerbating the affordable housing problem we have in our state. LB1227 amends the current statute to ensure consistency in building code across the state. In closing, LB1227 is an effort to get the government and special interest mandates out of the way, and maintain the statewide standard of building codes. It supports lowering the cost of building more housing; it supports builders who work across many political subdivisions; it supports home builders by having-- by only having to maintain and build to one standard in the state. The building codes out west in Gothenburg, Nebraska should be the same as those here in Lincoln. I thank you for your time. I'm happy to take any questions at this time.

McKINNEY: Thank you, Senator Andersen. Any questions from the committee? Senator Clouse.

CLOUSE: Yes, thank you, Senator McKinney. Senator Andersen, I have a question. I get the, the, the efficiency or the cost justification thing [INAUDIBLE]. When I look at page 3 on line 24, Section 5--

ANDERSEN: Hold on, let me catch up with you.

CLOUSE: I'm, I'm trying to understand how, how that reads. I mean, I, I think-- it may be getting late today. I don't know. But it says [INAUDIBLE] adopt and enforce a local electrical code--.

ANDERSEN: Right.

CLOUSE: --that are different than those from the State Board.

ANDERSEN: Right, so--

CLOUSE: But then, it comes back and says that they can provide for the inspection of electrical in state-- installation by a certified electrical inspector. I don't know. I'm missing that point, I guess.

ANDERSEN: The intent is they shouldn't be able to layer on additional requirements unless it's a return on the investment within five years, right? So, it really returns back to the homeowner the decision on whether the improvement should be there. I'll check on that specific-- that one line on 28, though.

CLOUSE: If you would. [INAUDIBLE].

ANDERSEN: We may need to amend that.

CLOUSE: I'm trying to follow through on it. I'm like-- still not-- it's just not clicking. But maybe I need more coffee or something stronger. I don't know. Long day.

McKINNEY: Thanks. Other questions? I have one. You got one?

SORRENTINO: I just have one.

McKINNEY: Senator Sorrentino.

SORRENTINO: Thank you, Chair McKinney. I just have a question, Senator Andersen. Earlier today-- I'm not sure, you might have been presenting another bill-- we heard a bill from Senator Kauth that wanted to go back to the 2008-09 electrical codes. And who knows? Maybe that'll pass, maybe it won't. But, but if it did, and this bill states that political subdivisions from-- are not allowed to adopt or enforce local electric codes that are more stringent than those prescribed by the state. So, if we were back to 2008-09, what effect would your bill have on that? We'd have to-- people could have a more up-to-date electrical code.

ANDERSEN: Absolutely.

SORRENTINO: It's not restricting that.

ANDERSEN: Correct.

SORRENTINO: It's just that you can't be enforced of any greater than it would be in 2008 and '09, is that correct?

ANDERSEN: Unless it passes the threshold of a return on the investment within five years.

SORRENTINO: OK. All right. Thank you.

ANDERSEN: And I was not here for Senator Kauth's bill.

SORRENTINO: Yeah. OK.

McKINNEY: Thanks. Any other questions? I have a couple. Senator Andersen, what about local control? Why shouldn't municipalities be able to-- you know, if, if the state has a standard, why can't they go above the state standard?

ANDERSEN: They can, so long as there is a return on the investment, investment within five years. The, the point is to try and make it so that it is the option of the homeowner as opposed to a mandate. Because the mandates, when those get layered on top of what-- because what we do at the state is typically for the safety and security of the house, right? Whatever is best, right? But when you start layering things on top and additional requirements, it just drives up the, the cost of the house exponentially, and, and that's the challenge.

McKINNEY: Did the, did the change in Michigan lower the housing cost?

ANDERSEN: That's a great question. The act was from 1972. I didn't go back and research the--

McKINNEY: OK.

ANDERSEN: I grew up in Michigan outside Detroit, so housing was very expensive. So, I don't, I don't know the effect of that bill.

McKINNEY: All right. Thank you. Other questions? Senator Rountree.

ROUNTREE: Thank you so much, Chair McKinney. And Senator Andersen, I am looking on page 5, line 31 down on to page 6. It says here for the purposes of this section, cost efficient means

that the expected increase in cost to implement the local energy code for new buildings is less than expected energy cost savings in such buildings over five years. Expected costs shall be based on the energy impact studies published by the Department of Water, Energy and Environment. How often are those studies published? And if you're going in and looking at a five-year expectation, are those going to be annual looks, or how are you going to determine that we did not get there, or that we will be getting there?

ANDERSEN: I'll have to look at the-- I'll have to look at the reporting period issued by the DWEE, but they do look at all these different options and tell you what-- based on what the cost is, based on, like, a-- I think they typically use, like, a 1,850 square foot house and say, if you put this improvement in, here's what the return. Some are instantaneous, like some of the dimmable lights or the high-efficiency lighting. The return on the investment's immediate. Some of them are very long. So, it really comes back to-- if you're, if you're going to mandate that somebody has to put in this option into their house, they should have the right to be able to get the return, or to get their money back within five years.

ROUNTREE: Thank you.

ANDERSEN: [INAUDIBLE] I can get you examples of it. I don't have it with me, but it have-- it comes with a table-- oh yeah, here they are. It comes-- my staff can send this to yours. But it comes with a table that tells you what the improvement is, what the cost is, and then what the, the return on investment, how long it takes to get your money back.

ROUNTREE: All right, thank you.

ANDERSEN: Sir?

McKINNEY: All right. So, I-- I'm looking at the fiscal note, and it says no fiscal impact. But for a municipality to prove that these standards are an improvement essentially, wouldn't that require some fiscal impact?

ANDERSEN: The DWEE already does the, does the assessment and tells you what the return on investment is, what the timeline is. So, that's already being accomplished. It's just a reference for the municipalities.

McKINNEY: So, they wouldn't have to do any work to prove this.

ANDERSEN: No, they'd just have to look and say, OK, if you want to do this building code change for-- I don't know, everyone's got to have a sunroof, right? Or, or a sunlight. OK, well, then you look on a chart and say, well, if you do this, yes, you're going to get a greater sunlight in, so it's going to heat more efficiently and everything else. The return on the investment would be X number of years based on this cost on this size of a house. So, that's really done by the Department of Water, Energy and Environment, and that's readily available.

McKINNEY: Interesting. All right. Thank you.

ANDERSEN: I think Senator Clouse has a--

McKINNEY: Oh, Senator Clouse. Sorry.

ANDERSEN: I'd call on you, but I can't.

CLOUSE: Yeah, that's OK. That chart, can you send that, send that around?

ANDERSEN: Yeah. Absolutely.

CLOUSE: OK. Thank you.

McKINNEY: All right. Any other questions? No? Thank you. First proponent.

SCOTT SCHNEIDER: Good afternoon, Chairman McKinney, and the rest of the Urban Affairs Committee. Thanks for keeping your eyes open for us this afternoon. My name is Scott Schneider, S-c-o-t-t S-c-h-n-e-i-d-e-r. I represent the Home Builders Association of Lincoln, and I'm here today to testify favor of LB1227. LB1227 takes critical steps to defend Nebraskans against unnecessary and excessively-restrictive building codes that do little to advance the interests and safety of Nebraskans. Due to the cost of implementing these expensive codes, the goal of home ownership is pushed further away, the wealth gap is widened, and Nebraskans lose. I want to be clear, the home builders are not opposed to building codes; however, we are opposed to codes that primarily serve the interests of corporations, manufacturers, and special interest groups at the expense of Nebraskans. As home builders, we are interested in creating value for

Nebraskans through home ownership, not creating shareholder value for manufacturing conglomerates. We are interested in increasing the net worth of our neighbors and fellow citizens, not increasing the net worth of multinational corporations. As more and more code changes are proposed with a dubious benefit to homeowners, it's clear that reform is needed. The following is an excerpt from a paper published last month by the University of California Los Angeles that analyzes the issue; a copy is in your packets. Quote, "a close analysis of the US building code development process reveals a system rife with capture by both industry and government interests, in which the costs and benefits of regulations are improperly measured (if measured at all)," and "special interests enjoy outside influence and minimal scrutiny[.]" By their nature, all, all industry regulatory schemes are beset by a diverse array of political interests. Building codes are unique, however, in how the outsourcing of the political rulemaking process to private third-party standards organization stacks the deck in favor of narrow interests while simultaneously stripping away basic government standards of accountability and transparency. The current process reveals the drawbacks of diminished state capacity for doing this crucial regulatory work in-house, and belies the common assumption that highly-technical rulemaking should be the exclusive domain of experts, not politicians. Building codes contain complex tradeoffs between safety, affordability, livability, and sustainability that are inherently political. The mantle of technocratic neutrality claimed by the current process obscures this basic fact, removing from public view the inherent balancing of societal costs and benefits contained within the development of these rules. To realign codes with the public interest, reform is needed to reassert democratic oversight, transparency, and rigorous tradeoff analysis within the process. In closing, evidence of this broken process is clear. In your pocket-- packet is a document titled ICC Visibility Prospectus detailing all the opportunities for manufacturers to influence decision-making at ICC meetings, including sponsoring a \$4,500 happy hour. I attended the International building-- Builders' Show in Orlando next week and avoided the snow, which was nice. I can assure you that the evidence of this broken code development process was on display there as well. I picked up a pamphlet from the ICC booth that's titled "The Process of Developing an ICC Standard;" I think that's in your packet as well. Step one in the code development process is noted as "a need is identified to develop a new standard or revise an existing one." I can assure you from walking the show floor and seeing all the

manufacturer displays of their solutions to these so-called needs, it's clear that special interests are in control of defining the needs in step one, not Nebraskans or anyone acting in their interests. It's clear that reform is needed, and LB1227 is that reform. And with that, I could answer any questions.

McKINNEY: Thanks. Any questions from the committee? No? Thank you. Next proponent. You can start.

STEVE JANICEK: Thank you, Senator McKinney, and the Public [SIC] Affairs Committee. I appreciate you listening to me this afternoon. My name is Steve Janicek, S-t-e-v-e J-a-n-i-c-e-k. I'm the president of the MOBA-- I'm sorry, Metropolitan Omaha Builders Association. It's called MOBA. I'm also an operations manager at a, a home builder in Omaha. I'm here today in support of LB1227. First, this bill helps ensure consistency across the state. It makes clear that local governments must follow core electrical standards set by the State Electrical Board. Contractors, electricians, builders and-- should not have to face a patchwork of different rules from one community to the next. Consistent standards improve safety, reduce confusion, and help control construction costs. Second, this bill protects affordability. Before adopting a new local energy code, a city must determine that the code is cost-efficient. It-- in practical-- in practical terms, if, if the added construction costs are greater than the projected energy cost savings over five years, the code should not be adopted. This ensures energy policies make financial sense. And third, the bill maintains local control while setting reasonable guardrails. Communities can still adopt and enforce local building and energy codes, but those codes must align with the state standards and determined economic justification. At this time, when housing costs continue to rise, we must be careful not to add unnecessary costs and regulations that would increase the price of the house without a clear benefit. So, with that, I respectfully ask you that you support LB1227. Thank you.

McKINNEY: Thank you. Any questions? Senator Cavanaugh.

J. CAVANAUGH: Thank you, Chair. Thanks for being here. I should have asked Senator Andersen this, but I'm just trying to find this study. It says expected cost should be based on the energy impact studies published by the Department of Water, Energy, and

Environment. Do you happen to know the name of the actual study? There's like a million studies on here, and I [INAUDIBLE]--

STEVE JANICEK: Unfortunately, I don't.

J. CAVANAUGH: OK.

STEVE JANICEK: I can try to find for you.

J. CAVANAUGH: Well, if anybody coming up knows, I would love to hear the answer to that. Thank you.

STEVE JANICEK: Thank you.

McKINNEY: Thanks. Other questions? No? Thank you.

STEVE JANICEK: Thank you.

McKINNEY: Next proponent.

NICK DOLPHENS: Good afternoon, Chairman McKinney, and members of the committee. Nick Dolphens, N-i-c-k D-o-l-p-h-e-n-s. I'm a home builder and land developer in Omaha. There's two reasons I'm a proponent to this bill Senator Andersen has. It addresses the energy code. We've talked today about how returns of \$150 per year-- the last time-- I was here last year speaking against the current energy code, because they're just getting more and more radical, in my opinion. We've heard that they're incremental, but not very incremental. The, the \$210,000 townhome I ran a study on, it would have cost \$10,500. So, there was never a return, because by the time you would make up that dollar amount, you would replace the HVAC equipment. So, I don't think they're inter-- incremental, and I'm glad that's carved-out like a lot of states are doing. The second thing is it addresses recent frustration with the process of electrical adaptation. We have some thoughtful conversations here, which I really appreciate. It's an open forum. I really appreciate that, and we're making, I feel, good decisions here. The last time, we carved out six amended electrical items and thought that was a reasonable meeting in the middle of the electric code. We've fought twice at the city of Omaha, at the city council, for them to adopt that with the amendments. The mayor had to veto it. It got passed recently without any amendments, and we were told by one of the city council members on the floor before the hearing that it's-- you're not going to win this time, guys. The

decision's already been made. So, that's really frustrating. I think that's politics that none of us are really proud of, if we're letting our constituents talk to us in the back hallway and we have decisions made before there's an open conversation. So, it might seem counterintuitive to have language in there that removes some power from local government, but it would definitely remove that problem that we're seeing at the local level and give us more power here, because I do think this is a better open forum than what I've experienced elsewhere. The last thing, some of what we have heard about today, the percentage of conversations with land is the problem, concrete's the "plobrem," lumber tariff's the problem. I think that's some deflection. I do think we need to look at all the tools that we have available, and these type of bills are working in other states, as we have discussed. So, I really appreciate the fact that we are discussing them in Nebraska.

McKINNEY: Thank you. Any questions? Question. So, I've heard a lot, and I've still haven't seen any real statistical proof that the codes are the problem either.

NICK DOLPHENS: Yeah. Yeah, it's, it's a-- there are really good NAHB studies that are done, and I-- what I've told people-- I've been at city council meetings, and everybody looks for a silver bullet, right? Like, what is the problem? And I had a city council member at the city of Papillion say, well, I heard we can attribute all of this to land prices. And I said, you know, I can't tell a family that's owned a farm for 200 years they're asking too much for their land, and that's the only problem. I really do think there's a hundred issues we need to address, and codes are certainly one of them. And I appreciate Senator Clouse bringing up-- there's line items with end costs, so if your plumbing went up 10 percent in 5 years, it could be products, it could codes, it could be labor. I mean, it-- there's all sorts of things, but what I've said in these types of hearings is I'm not going to really do very much about lumber tariffs. That's kind of outside my wheelhouse. But a thoughtful conversation here can move the needle on codes, and I appreciate that.

McKINNEY: All right. Because earlier somebody testified that codes are about 10 percent of the problem. What would you attribute codes to be?

NICK DOLPHENS: I know regulation is always 22 to 23 percent in the national associate home "bader"-- builders. So, that's

permits. But codes, I would have to look at specific code-related research. But the National Association of Home Builders does do--

McKINNEY: Is there any independent studies that's not done by any industry, not the electrical people or the home builders that we could look at?

NICK DOLPHENS: Yeah. It's a great question. I can sure look. I do know they have a study, every time a new code's released, they try to publish what they-- their opinion of the cost is.

McKINNEY: Yeah.

NICK DOLPHENS: Yeah.

McKINNEY: And why I asked that is because you hear from both sides--

NICK DOLPHENS: I get it.

McKINNEY: --and I just want--

NICK DOLPHENS: Yeah.

McKINNEY: --to be able to say this is the data, and nobody could say "but it was done by the trades," or "it was done by the builders."

NICK DOLPHENS: I think you're spot-on. I mean, it does everybody a disservice to skew your numbers. And I've heard at these hearings, you know, they'll come up with a product price from Home Depot. Well, that's not what it costs me to build a home because I have labor on top of it. But I've seen builders do the same thing, where they'll try to up the number to help their cause. That does not help anybody, to your point. I don't know of a third party currently, but I can look at that.

McKINNEY: All right, thank you. Senator Cavanaugh.

J. CAVANAUGH: Thank you, Chair. Thanks for being here again, Mr. Dolphens. I appreciate-- I think your-- one of your lobbyists sent me the study, so now I have it to look at.

NICK DOLPHENS: Yeah.

J. CAVANAUGH: I'm trying-- just sort of quickly looking at it, but there seems to be a page here that talks about, like, glazing U-value costs, construction costs is plus \$348. Annual energy associate-- impact, -\$40. So, simple payback is 8.7. That's what we're talking about? [INAUDIBLE] example of what--

NICK DOLPHENS: I mean, that'd be one of a bunch of examples in the energy code.

J. CAVANAUGH: But-- so, what we're talking about is if the city of Omaha wanted to require everybody to increase glazing-- I don't know actually what this means, but--

NICK DOLPHENS: Yeah.

J. CAVANAUGH: --want-- if they wanted to require this, they couldn't because the payback period, according to this study, is 8.7 years.

NICK DOLPHENS: Yeah, that's the way I understand it.

J. CAVANAUGH: OK. So, I'm looking at this, and, you know, I'm sure there's a lot more in here, but trying to use one example. Why five years?

NICK DOLPHENS: Good question. It's-- five years is what I see a lot in these laws that are being passed.

J. CAVANAUGH: OK.

NICK DOLPHENS: It's just a reasonable return. I, I haven't read a study on that, but that's how I interpret it, is a reasonable return on your money.

J. CAVANAUGH: And I think it was the guy before you that talked about requirement of an HVAC system that the payback is longer than the life--

NICK DOLPHENS: Yeah, that was me. Yeah, that was--

J. CAVANAUGH: Oh, that was you. OK.

NICK DOLPHENS: --that was one of our homes. Yeah, sorry I've been up here so long.

J. CAVANAUGH: It's been, it's been a day. But-- so, I guess my question is why, why set it at an arbitrary five years as supposed to-- because glazing R-value maybe does pay back in 8.7 years, but has a useful life of 2030.

NICK DOLPHENS: Yeah.

J. CAVANAUGH: My house is a 1929, and I still have a lot of the original windows.

NICK DOLPHENS: Right.

J. CAVANAUGH: And so my question is, why should we say the city of Omaha can't require an upgrade that would have a payback that then would continue on the usable life after that?

NICK DOLPHENS: I think that's worth discussing. As you were talking, though, I'm thinking of-- if you have an energy code that's coming down the line, there'll be 30 requirements in that adaptation for that year. So, the, the average needs to be a 5, is the way I understood that. Because if you're going into all of those 30 items, and one needs to be 20, and one need-- you know, that'd be pretty prohibitive.

J. CAVANAUGH: OK. So you think the average is five [INAUDIBLE]?

NICK DOLPHENS: That's the way I read it.

J. CAVANAUGH: I mean, there's-- exterior wall installation's 37 years, which--

NICK DOLPHENS: Right.

J. CAVANAUGH: --is another example of-- my house almost 100 years old, so.

NICK DOLPHENS: Yeah. Yeah.

J. CAVANAUGH: I imagine that wall insulation has lasted, so the test of time. All right. Thanks.

NICK DOLPHENS: Yeah, you bet.

McKINNEY: And I did find an independent study--

NICK DOLPHENS: Oh, good.

McKINNEY: --that was done by our research office. And they-- as far as, like, the key challenges, they state limited land availability, lack of housing diversity, workforce challenges, and complicated regulatory frameworks too. So, it's a combination of everything.

NICK DOLPHENS: It's all of it.

McKINNEY: Yup.

NICK DOLPHENS: I agree.

McKINNEY: Thank you.

NICK DOLPHENS: Yeah, thank you.

McKINNEY: Any other questions? No? Thanks.

NICK DOLPHENS: All right. Thank you.

McKINNEY: Next proponent.

JUSTIN BRADY: Senator McKinney and members of the committee, my name is Justin Brady, J-u-s-t-i-n B-r-a-d-y. I'm the registered lobbyist for the Nebraska Realtors Association, the Nebraska State Home Builders Association, and Habitat Omaha, in support of LB1227. What I'm having passed around is actually the chart that Senator Cavanaugh was at least referring to that's in the study, and I'll, I'll touch-- try to jump to some of the questions first in my time. The study-- obviously you found it, Senator Cavanaugh, but it is the energy impact study of comparing the 2018 IEO energy code [SIC] to the 2024 done by the state energy office, and they are just trying to go through that process, I think trying to get to where Senator McKinney was at, and that is, is there a on-bias, if you will, entity that can look at this and evaluate what's the rate of return? And, you know, as, as Senator Cavanaugh had touched on, I would say, you know, if you-- and the two, as I understand it, between the two, are whether or not on one side, on page 30, if you have a heat pump, and on the other side is if you had a gas furnace. And so, you had mentioned next to your walls, Senator Cavanaugh. I'd point out that at least this study shows it takes 166 years to recoup your \$4,146 return. What the builders are saying, I

think, as we start to look at these energy codes, and I think in talking to Senator Andersen, is we need to-- we would ask that you start looking at some of these figures as well, not just "is it going to be less energy?" Or is it going to spend-- you know, yes. You had an individual get up here before and say, shouldn't we help new homeowners save on their energy costs? Absolutely. But to tell somebody you're going to save \$25 a year on your energy costs, but it's going to cost you \$4,000 more up front, that individual probably doesn't get into that home. And so, we're just saying, I think, some of this balance needs to be put in. And I guess after 25-plus years of working with the builders and the realtors and on codes, I guess the term that I get tired of hearing is "it's just." It's just \$500 for-- you heard that from somebody in, in the opponents in Kauth's bill on the electric. "It's just \$500," or "This is just \$6000," or "It's just \$700 if we do the plumbing." Well, pretty soon, that becomes real money to-- especially to first-time home buyers. And that's the part we're trying to now come in and say, can we take a step back or at least look at it from a financial standpoint as well, not just as a-- should we update the code? With that, I'll try to answer any questions, Senator.

McKINNEY: Thank you. Any questions? Senator Cavanaugh.

J. CAVANAUGH: Thank you, Chair. Thanks, Mr. Brady, for being here, and thanks for sharing this with us. So, OK, I, I was trying to figure out which one I'm looking at-- I-- that was the page I was looking at, and it is kind of unclear from the page which one's which. But it-- I would concede justification for a 166-year return on investment is probably difficult to justify considering that new houses are probably not going to last 166 years. I wonder how many houses in Omaha are that old at this point. But, you know, I think on the other side, that same-- so I, I don't know which one's which, but if you say you have a heat pump, it's maybe 37 years,--

JUSTIN BRADY: Correct.

J. CAVANAUGH: --and maybe it makes more sense. But I-- I'm trying to wrap my head around, like, obviously there are other benefits too, right? If there's efficiencies, it's not just how much you save in a month if we did have-- every house was more efficient and decreasing its load on our, our heating, cooling, air conditioning or whatever, maybe we don't have to build

another power plant, right? And so, the-- those costs are also borne by our community too, right?

JUSTIN BRADY: They are. I would also say, you know, something I've seen from a personal standpoint, not having the discussion with my client, is as we've seen that energy efficiency go down, it's also interesting you see the public utilities say, well, now we have to raise our rates because we don't have the same income as we had because energy efficiency. So, I mean, I don't know that energy efficiency going down necessarily means that it's money back to the ratepayer or the homeowner, necessarily.

J. CAVANAUGH: Yeah. I, I suppose true. So-- and then my other question about the five years. Is there a reason, five years? Is it--

JUSTIN BRADY: It was-- we had discussed-- and there's some states that have done five. Michigan, which was passed in 1977, if I remember, was seven years. And so, it was just looking at that number of something that-- and really, the focus was a first-time homebuyer that, say, OK, more than likely they're at least going to be in there five years, maybe seven, and hopefully, in their return on their investment would be to be able to get at least this money back is where we started. There was not a magic number to it, Senator.

J. CAVANAUGH: Yeah.

JUSTIN BRADY: It was just discussion among us and--

J. CAVANAUGH: But, but again, if you buy a brand new home and you're in there for five years, presumably, you're going to sell that home, and it's going to continue to exist. And whoever then moves in and they're going to take over the cost, the sunk costs of the building, and then also derive that benefit going forward. So you-- essentially, if that passed on beyond the five years that you would be there--

JUSTIN BRADY: You have, but you also would pass on-- so, take, like, that \$4,000 increase. I then, five years later, is going to probably charge \$7,000 or \$8,000 just because of, of the market going up for that same-- I mean, you don't break it down that way. I know that.

J. CAVANAUGH: Right.

JUSTIN BRADY: But I mean, there would be an increase to the house value that'd be above the \$4,000 to the next. So yeah, do I think eventually on most of these somebody could catch up? You're right. 166 years is going to be pretty tough.

QUICK: Yeah. All right. Thanks.

McKINNEY: Senator Quick.

QUICK: Yeah, yeah. Thank you, Chairman. And so, I'll just use our house for example. We built ours in 1990.

JUSTIN BRADY: Mm-hmm.

QUICK: If I could have did it over again, I would put a higher-efficiency, efficiency furnace in then. Because I'm telling you, we put one in, like, well, maybe 10 years ago. It cut our bills in half. I mean, we went from over \$300 a month down to \$150 or even less, even during the winter. And the summertime, too, because it's-- it works good for the-- on the air conditioning side. So, I think there are ways that if you can recoup your costs on certain appliances or certain things that are-- really, I think it's worth the investment. But that's maybe just my opinion. But-- I don't know.

JUSTIN BRADY: Well, I-- and I, I completely understand what you're saying, Senator. And I know-- you know, I'm not in a position to ask questions back your way, but I would say to all of you is-- but the example of buying a house in 1990 and where you may have been in your point of your life compared to 2026 and whether or not that \$3,000 or \$4,000, or \$10,000, whatever it was for the high-efficiency, is a different position than somebody-- you or I-- me. I'll speak me. I won't speak for-- I mean, you know, 36 years ago, where I would have been, to be able to afford something. And so, I think it's that balance of-- we-- home builders completely agree that should be an option, and builders do explain to their customers there are these options, and it's-- we're just saying it should be up to them to decide how high up the ladder they want to go.

QUICK: OK. All right. Thank you.

McKINNEY: Any other questions? No? Thank you.

JUSTIN BRADY: Thank you.

ADAM FLANAGAN: Good afternoon again, Chairman McKinney, and members of the Urban Affairs Committee. My name is Adam Flanagan, A-d-a-m F-l-a-n-a-g-a-n, and I'm here on behalf of the Welcome Home Coalition to testify in support of LB1227. Due to the fact that we've all been here for a long time, I am going to keep this very quick, but I did want to thank Senator Andersen for bringing this bill. As you know, Welcome Home has been down here for years testifying on different residential codes and just really wanting to bring a common-sense approach to the financial impact that that has on affordable housing and getting first-time home buyers into housing, getting, you know, the, the professional workforce into his-- into housing. And to some of the testimony before-- and I'm sure you guys have all heard the analogy of a death by a thousand cuts. We acknowledge there are a lot of things driving housing pricing up, and obviously, Welcome Home acknowledges that due to, you know, some of the bills that we have brought forth earlier in the session. So, we want to try to control some of the things that we can control. We do have the legislation coming in to control lot costs, or at least reduce lot costs. We do have-- at Welcome Home, we are working with the local municipalities on, on zoning regulations. And then, working with you guys on building codes and trying to standardize those codes and trying to only implement the codes that really makes sense for Nebraskans, and we want to try to attack all of those different things that are causing prices to go up in, in housing. And then, to answer your question actually, earlier from Senator McKinney, Welcome Home is actually working on a third-party study currently, with the University of Nebraska-Omaha. It has been slow going, but we do have the funding for it, and we are working on figuring out what the price differences are from different code years. It's a lot of work and it's taking a lot of time, but we are working on that so that there should be, hopefully, some third-party data coming out this year.

McKINNEY: All right. Thank you. Other-- any questions? No? Thank you.

ADAM FLANAGAN: Great. Thanks.

McKINNEY: Next proponent. Any opponents?

DAVID HOLTZCLAW: David Holtzclaw, H-o-l-t-z-c-l-a-w. 5005 Chicago Street, Omaha, Nebraska 68132. Thank you for allowing me to talk. I'd like to be an opponent for this bill. First of all,

my, my notes and, and my-- where I've already passed those out as part of the LB1134 discussion. I also want to reference you to this table that was passed out to all of you from LB1134. We've had previous speakers tell you how much they guess energy bills are going to cost you. Here's the numbers right here from the National Home Builders Association from 2024. The increase in building codes is 1.8 percent of the total cost of the building; the increase in energy codes is less than that, because that 1.8 percent includes your electrical increases, your structural "incourses," all those other things. So, why do we continue to get to this boogeyman that energy codes is going to break the bank and cause all these problems? First of all, it gets a little complicated, and this bill doesn't do a very good job of, of addressing the complications. So, for example, the Messer [PHONETIC] study, which is from the Department of Energy and Water [SIC], number one, that was only dealing with residential buildings; that did not address commercial buildings. This bill, as written, addressed both residential and commercial. Secondly is that looks at the, the return on the, the five-year payback for an investment. The way it's in the Messer [PHONETIC] study, it looks at individual assessments. If I increase windows, if I have a heat pump, one item at a time. The energy code has several upgrades into it. It has windows, it has thermal resistance, it has HVACs increases. So, when you add all those together, some of those will have a "har" return-- we would call return on investment of greater than five. So, that might be one, OK? But when you do it as a, as a code, right? You're not going to have a high number because some of those-- you're not going to have a, a, a low-- you're not going to get less than a five years, because some things are going to be longer than other things. But not only is they doing it maybe more cheaper or, or maybe more expensive, but it has things like dealing with comfort, water management, thermal resistance, being able to resist storms, all these other factors that are come in. It's not just energy. So, this bill looks at the energy code solely from a point of view of financing. It doesn't look at building science, it doesn't look like resilience. So, an example to this: buildings built to the 2021 energy code will be able to maintain temperature and comfortable for 150-- 50 to 100 percent longer during a power outages. So, you have longer power outages, people are sheltering in place for longer periods; if they're building to, to a newer energy code, they're going to maintain that comfort, maintain an "interial" temperature of 60 degrees or higher for a longer period of time. OK? So, that's another benefit that this-- and is not a financial benefit. There is water resistance and improved occupational health and

safety. It maintains newer codes, maintain interior air temperature, proper ventilation, better building science, moisture and, and condensation resistance. All these are factors. Now, when we get into just the cost analysis, number one, this is just a simple payback analysis. This does not include life-cycle costs. So, what is the time value of money cost over a period of time? Codes are meant for new construction. A new building in Nebraska lasts about 60 years. OK? Why a five-year return, as you've been asking? Why not 10 years, 15 years? You can have a 15-year return on investment, which is considered to be "bad," that building's still going to be there for 45 more years. You're going to be saving energy for every year, for every, every [INAUDIBLE] building you're going to have for 45 years more years. OK? Why does it have to be five years? That doesn't make sense for new construction on a new building that's going to be there for decades, OK? We also-- what about, what about tenants? This is payback to the, to the builder or the owner. Like, what would tenants do? So, if we just have bad energy codes and your tenants' bills just keep going up over time? How's that going to help them? There are performance pathways. These-- the study and this bill only deals with the prescriptive pathway in the codes. The codes have always had a performance pathway where you can do computer analysis to make these trade-offs. So you can say, I'll do more insulation, weaker HVAC, or a better HVAC, less insulation. That allows the builder and developer to have the bests, "flowest" first costs available. That option already exists in the code, it has always existed in the code. So, these types of trade-offs are there, they can take advantage of them if they so choose. So, this bill is not needed, will not address commercial buildings, and really doesn't improve anybody. Thank you for your time.

McKINNEY: Thank you. Are there any questions? No? Thank you. Next opponent.

JON NEBEL: Good evening. Jon Nebel, J-o-n N-e-b-e-l. I'm here on behalf of the Nebraska State Council of Electrical Workers. We are opposed to LB1227, although I'm warming up to the idea. I just, I just want to understand, I guess-- what we're really trying to do here is make it so we can't adopt anything above what the state adopts as far as, specifically, right now, the GFI codes that we've further adopted in Omaha. So, because those aren't energy efficient and they're just life-safety, they wouldn't be considered. So, I think maybe the concept that they

did in the '70s was for energy; maybe we expand it and say let's look at some more things, and if there's a-- if there's a good reason to adopt it and we can get some standing here, we could do it. One of the things that I thought of after Senator Andersen's open, he mentioned that, like, a dimmer would, would qualify as a direct return on investment pretty quickly because you can lower the lights. So, I'm thinking how this plays out, then. There's a product that-- it's an automatic sensor, goes by the windows, and it automatically senses how much light is coming into the room. So, it'd automatically dim the lights to balance that out. We, we put this in, I don't know, probably 20 years ago now we, we put this product in. People got really mad because they're, they're unable now to control their lights. So-- well, the situation that-- I think it's an unintended consequence of having almost a mandate, if it's going to be efficient and we get to do it, I can see-- I can see it going sideways pretty quick. So, it's a swing-and-a-miss for me on this one, and especially since we can't consider life-safety issues, we should probably take a, a better look at it, and I'm hopeful that we kind of draw out more of the actual codes that people don't want to adopt this summer at the hearing, and, and really get down to the juice of it, so. Happy to answer any questions.

McKINNEY: Thank you. Any questions?

CLOUSE: [INAUDIBLE].

McKINNEY: Senator Clouse.

CLOUSE: Just your last comment. You-- basically, you said the hearing that we're going to have on Senator Kauth's bill, you'd rather take a more in depth approach and look at that rather than this.

JON NEBEL: I, I think it's the same-- it's the same parties that want to get to the, the understanding here of what codes are really causing them to not be able to build affordable homes, and let's, let's have it out and see what we can do. If it's an energy-efficient code, if it's a, a life-safety code, let's just-- let's call it what it is and, and figure these codes out.

CLOUSE: Thank you.

JON NEBEL: Mm-hmm.

McKINNEY: Thanks. Senator Rountree.

ROUNTREE: Thank you so much, Chair McKinney, and thank you so much, Mr. Nebel, for being here. And I look forward to the summer as well, hashing everything out so we can get to the best for all parties involved. But the bill in its current state as it's written, do you see that as state mandate to a local? Or do you still see this as maintaining local control?

JON NEBEL: Without seeing the studies and being familiar with the studies, it, it-- to me, it looks like a state mandate to remove local control.

ROUNTREE: OK. All right. Thanks so much.

McKINNEY: Thank you. Other questions? No? Thank you.

JON NEBEL: Yep.

McKINNEY: Next opponent.

THOMAS EMERSON: Hello. All right. My name is Thomas Emerson, T-h-o-m-a-s E-m-e-r-s-o-n, resident of Lincoln, Legislative District 2. I was here earlier, but maybe not all of you were in the room. I'm a licensed journeyman with the state of Nebraska since 2009. I have over 22 years in the industry, and over 27 years in the construction industry. Currently, business manager with IBEW Local 265 in Lincoln. I represent over 600 workers in Nebraska, and we are opposed to LB1227 as written. We are in favor of keeping the current state Electrical Act, 81-2125 as written now in the State Electrical Act. You know, there's a lot of-- you know, the conversations are on affordable housing, code updates, but we get a little nervous when we're talking about code, because when you're-- you know, you're only focused on housing, and I don't know if you guys think that the code book only applies to the housing, but it covers every aspect in the electrical industry. So, if you sit there and make it an '08 code for the state, that affects all the industries, not just housing. So, that is my major concern. I don't, I don't have a business. I do not sell components, I do not buy components, I simply install them. I'm just a worker. But I do a lot of industrial work, and a bad day there gets you dead. So, I want to take all seriousness matters when comes to the electrical codes, because all day today, it's just been on housing. Well, you know, this-- both the bills I heard today on code are really

bad, in my opinion, and this one seems like a hurt-feelings bill because the state enacted the 2023 code with exceptions, and then municipalities went ahead and took the whole 2023 code, so I think some people took offense to that. Earlier, I had acknowledged that 23 states-- well, first of all, Nebraska reciprocates with 13 states, which affects my workforce and their ability to travel if they want to or need to. Second of all, 18 states have the 2023 code. Now earlier, I mentioned that, but I did not tell you the states. The states are Colorado, Georgia, Idaho, Kentucky, Maine, Massachusetts, Michigan, Minnesota, Nebraska, North Dakota, Ohio, Oklahoma, Oregon, South Dakota, Texas, Washington, Wyoming, and California all have the 2023 code. So, I guess I don't have any more to add, but I get really irritated when it's all about the code and it's all about housing when this code-- this book covers a lot more than just housing. And that needs to be considered when we're having the code discussions, because that's-- safety is very-- safe-- safety is our number one priority, so. And if there's no questions, that's all I have, sir.

McKINNEY: Thank you. Any questions? No? Thank you. Appreciate it. Next opponent.

MATT STOFFEL: All right. Thanks again. My name is Matt Stoffel, M-a-t-t S-t-o-f-f-e-l. I'm a resident of Omaha, Nebraska. District 8, if my memory serves me correctly. I was here, what, two hours ago? I provided you with a, a pamphlet that also addressed LB1126 [SIC] comments as well, and it is my pleasure to be here to speak on behalf of 2020-- or, of this bill as an opponent, specifically as what was mentioned prior to me speaking, the energy codes. The energy code, to me, is very sacred because it guides our industry to improve construction techniques. Without it, there's no incentive for manufacturers, product suppliers, builders, and contractors to improve the workforce and their readiness to be able to travel and journey across the country to apply their skills and craft to other adjoining states. As a body, as a citizen, it is the effort of our industry to bring up everybody, to try to bring up everybody and do it in a very positive and efficient manner. And the easiest way to do that is to influence our codes. Without strong codes, we don't move forward. I presented for LB1134 some off-the-top data with regards to OPPD's continuing increase in rates that they have actually published. So, 5 percent year-over-year for the next three years, 7 to 9 percent projected till 2031. So, \$1 spent on utility now will be upwards of \$1.46 in 2031.

That's a huge, dramatic increase. We talk about-- or, I've heard comments regarding the first cost of investment on a home. Think of this. You spend \$250,000 on a home. You want to add, if you have the choice-- most people don't have the choice. There are 83 percent of the product being brought to market-- this is in the National Home Builders Association data-- 83 percent that comes to market is spec home, rental, and multi-family units that come to market. 16 percent or 17 percent, if my math is correct, is custom homes. 17 percent of people purchasing have a choice, 83 percent don't. So, the choice is made for them by reducing the standards, which means that builders-- and no disrespect to their craft, but they don't have incentives to actually implement those higher detailings, energy conservation efforts, or buy better products, because there's no return on investment unless it's within a five-year payback. That five-year payback is within warranty conditions. So, I just would like you to consider that as you're considering the advancement of this bill to the floor. With that, I'll take any questions.

McKINNEY: Thank you. Are there any questions? No? Thank you.

MATT STOFFEL: All right. Thanks.

McKINNEY: Next opponent.

MIKE GAGE: Good afternoon, Chairman McKinney, Senators. My name is Mike Gage. I'm the president, secretary and treasurer of the Nebraska State AFL-CIO. Today, I'm testifying in opposition to LB1227 on behalf of the Nebraska State AFL-CIO and the Nebraska Farmers Union. This bill takes decision-making away from local communities and replaces it with an automatic state override. That may sound administrative, but for working people, it's not. Building and eng-- energy codes determine how safely our members work, how apprentices are trained, and how projects are built across the state. Local governments currently have the ability to adopt standards that reflect their workforce needs, safety priorities, and long-term energy affordability goals. LB20-- LB1227 undermines that local voice. For construction workers and responsible contractors, strong standards matter. If the state imposes a mechanism that overrides the local and municipal codes, it creates uncertainty, uncertainty in bidding, project planning, and workforce training. That instability negatively affects jobs, and undermines local accountability. Nebraska has for a long time trusted local leaders to make decisions closest to their people, and LB1227 moves the state towards

centralization at the expense of workers and communities. For these reasons, we urge the committee to oppose LB1227. And I'd like to also add, I first got my journeyman electrician's license in 1999 in Colorado, and there were several municipalities where we did work in where they had codes that did exceed the National Electrical Code. Many of those would be disconnect means for HVAC equipment or 120-volt receptacles for servicing, or disconnect means immediately adjacent outside of the house. A lot of these eventually became part of the National Electrical Code because they were a good idea. And the thing about the NEC is it's all there for personnel protection. There's no frills; it's just a book of mitigating risk. And it would really be a, a bad thing to cut that code short. Thank you.

McKINNEY: Thank you, are there any questions?

CLOUSE: Yeah.

McKINNEY: Senator Clouse.

CLOUSE: So, you made reference to the NEC and from the electrical side, and that's something we-- I believe most of this is about building codes.

MIKE GAGE: Yes.

CLOUSE: And the NEC, do you feel it's primarily safety, or do you think some of that has a lot of-- to do with the energy efficiency as well?

MIKE GAGE: With the NEC, I think that a lot of it would have to do within it-- with efficiency, as far as nameplate rating requirements, higher-ampacity wire, things like that, so. It-- a lot it-- all of it is to mitigate risk and personnel protection, but the side-effect of a lot of that is it would be energy savings as well.

CLOUSE: OK. Thank you.

MIKE GAGE: Mm-hmm.

McKINNEY: Senator Rountree.

ROUNTREE: Thank you so much, Chair McKinney, and thank you, sir, for your testimony that's going back to your time in Colorado and you exceeded the state codes and so forth. Did you also see because of visionary, or had you all experienced issues that somebody got injured and things that caused you to put those in place? Or how did those come about?

MIKE GAGE: For the most part on those municipal codes, the city council had had an event happen in the past--

ROUNTREE: Oh, OK.

MIKE GAGE: --that, that they just decided that this is the way they were going to do things at that time.

ROUNTREE: OK. Thank you.

McKINNEY: Senator Clouse?

CLOUSE: Thanks, Senator McKinney. So, in those, those communities that did that-- I don't-- and I don't know if you can do it. What was the price of housing in compare-- those communities, compared to others?

MIKE GAGE: That-- I left Colorado in 2002, and housing prices were high then. The boom in the-- on the Front Range was, was really growing. So, I would say that probably the average price of house then was probably about \$170,000.

CLOUSE: So, you didn't know a lot of difference-- notice a lot of difference between the municipalities that had those codes and exceeded those codes than the other ones?

MIKE GAGE: No, because even if you would have a tract home development, they still implemented those same municipal codes. For example, an outside disconnect means instead of where the NEC at that time just required it within a certain distance of the main point of entrance. So, they required disconnect means outside, and it was regardless of the, the size of the house or the neighborhood covenants, it still required that.

CLOUSE: OK. Thank you.

MIKE GAGE: Mm-hmm.

McKINNEY: Other questions? No? Thank you.

MIKE GAGE: Thank you.

McKINNEY: Next opponent. Anybody here testifying neutral? I welcome Senator Andersen up, and for the record, online comments, there were 2 proponents, 9 opponents, 1 neutral, no ADA testimony.

ANDERSEN: Thank you, Chairman McKinney, and members of the Urban Affairs Committee. I'd like to touch on a couple of points. I really wasn't expecting all this conversation. It's good conversation, glad to have it. I liked one of the earlier comments about how-- and I think it's really accurate. We-- one of the testifiers coined the phrase "keeps local control with guardrails." I thought that was a really great way of putting it. Senator Cavanaugh, you mentioned the, the five years. The bill I referenced, Act 230 from 1972 out of Michigan actually had seven years. When you look at the average duration of home ownership, we averaged nine. I'm happy to have a conversation if we want to change it from five. If we want go to seven, I don't, I don't have a problem with that. We can talk about that offline. But that's what it was. And it was-- I took it from seven to five because really-- targeting some of the workforce development, economic development challenges we have, with the young people leaving the state because they can't buy a house. So, if we can lower the cost for the young people, I, I think it will help with those, those two things. The whole point of the bill is really to give options. Right now, the options are, are limited. The builders are told what they have to do, they have-- that's what they to build to, regardless of whether you want it or not. One of the examples I've used, in the house that we have, we put in pink insulation because it had the highest R-factor, right? So, I wanted-- in the winter, I want my house warm, and in the summer I want it cold, right? So, I put in the best possible insulation. But that was my choice; that wasn't a mandate saying that for economic-- or, you know, ecological reasons that I had to do it. It was my choice to pay the extra money for it. If I didn't want to do that, I didn't have to pay for it, just like high, high-efficiency HVAC as well. Mr. Emerson did talk about-- referenced this bill as being a, a hurt-feelings bill, which I thought was pretty comical. This is business, not feelings, and it's not a hurt-feelings bill, but I thought it was an interesting commentary He also said that safety is a-- is number one priority, and I couldn't agree more.

I think as a body, our responsibility is safety and security, and then get out of the way. And that's really-- he did a great job of really wrapping the bill up into one, into one comment and putting a bow on it. It's about setting the, the priority being safety, and then the rest of it should all be optional. So, LB2027 [SIC] is about maintaining consistency of building codes, and ensuring those codes are affordable across the state. I appreciate your time. I know that the day has gone long for all of us, so I appreciate your time, and I appreciate the testifiers took their time, some sticking around for hours after Senator Kauth's bill. And I look forward to working with the committee to take this bill out to the floor, and I'm happy to answer any final questions.

McKINNEY: Thank you. Are there any questions?

ANDERSEN: Senator Cavanaugh?

J. CAVANAUGH: I'll ask one, sure.

McKINNEY: Senator Cavanaugh.

J. CAVANAUGH: I'll just, I'll just throw you the question. I think it was actually Mr. Emerson also pointed out that this study-- at least the one, one study. I don't know if there's a second study, but this one talks about residential code efficiency. So, how, how does that bill interplay with commercial return on investment?

ANDERSEN: I think you-- well, I think you should apply it across the board, whether that's a commercial building or it's a residential home. I think we should apply the same methodology. Now, maybe it's a different study on what kind of glass you have in the commercial building, you know, what the return on that investment is and all that stuff. But I think the methodology should be the same. The safety and security for the people, and then whatever optional things they want to put in, then so be it.

J. CAVANAUGH: So-- but I guess the question is, does that mean that Department of Water, Energy and Environment would then have to generate another report that would do the similar thing to this report, but for commercial construction?

ANDERSEN: Great question. I don't know. We'd have-- we have to find out.

J. CAVANAUGH: All right, thanks.

McKINNEY: Thanks. Other questions? No? Thank you. And that'll conclude our hearing for LB1227 and our hearings for the day. Thank you, everyone.