

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Revenue Committee
February 15, 2007

[LB235 LB278 LB443 LB551 LB565 LB697]

The Committee on Revenue met at 1:30 p.m. on February 15, 2007, in Room 1524 of the State Capitol, Lincoln, Nebraska, for the purpose of conducting a public hearing on LB278, LB443, LB565, LB697, LB551, and LB235. Senators present: Ray Janssen, Chairperson; Merton "Cap" Dierks, Vice Chairperson; Carroll Burling; Abbie Cornett; Chris Langemeier; Don Preister; Ron Raikes; and Tom White. Senators absent: None. [LB278]

SENATOR JANSSEN: Can you all please take a seat? We have quite a few bills to hear today so the quicker you get sat down, the quicker we're going to get finished. Good afternoon and welcome to the Revenue Committee. For the record, my name is Ray Janssen from Nickerson, Nebraska. Senators that are here with us today are Senator Carroll Burling, to my left, Senator Cap Dierks on my immediate left. My far right is Erma James, the committee clerk, Tom White to her left, Chris Langemeier and Ron Raikes, George Kilpatrick, legal counsel. A few things I want to go over with you. First thing, shut those cell phones off. Don't want to hear them in here. And the sign-in sheets are by each back door and when you get those...get them filled out ahead of time if you're going to testify, and as you come up drop them off at Erma's desk right there in that little box. Let's see. What else do we need to do here? Make sure your testifier sheets are made out. Don't be making them out on your way up. There are clipboards in the back. If you don't want to testify, fill those out and make sure they're deposited here before you leave. The agenda is posted out on the door. Other than that, we're going to hear six bills so Senator Stuthman is here and Arnie, take off will you, please? Senator Preister has joined us. [LB278]

SENATOR DIERKS: And Senator Cornett. [LB278]

SENATOR JANSSEN: And Senator Cornett. I'm sorry. [LB278]

SENATOR CORNETT: I was actually here the whole time. (Laughter) [LB278]

SENATOR JANSSEN: Were you? You were not. [LB278]

SENATOR CORNETT: Yes, I was. [LB278]

SENATOR DIERKS: What's your name? [LB278]

SENATOR JANSSEN: I told them already. [LB278]

SENATOR DIERKS: Did you? [LB278]

SENATOR JANSSEN: Yes, I did. I did. [LB278]

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SENATOR STUTHMAN: For the record, I am Senator Arnie Stuthman, S-t-u-t-h-m-a-n. I represent the 22nd District Legislature. I am here to introduce LB278. LB278 is a bill that would give the counties an opportunity to levy a tax. And this tax could be used for funds for infrastructure relating to economic development through this sales tax. This decision would be made by the voters of the county. If they saw the need, they could choose to address it. And I'm going to give you a little bit of an example of what these funds could be used for and why I am asking for the counties to have the ability to have a sales tax in the county. An example would be in the Platte County area we had a potato farm came in where they stored potatoes. They put up a lot of buildings and equipment to attract this potato operation. CSS Farms was what it was. In attracting this economic development, this business to our county, they needed to have a hard surface road, you know, to where they had anticipated and where they had purchased ground to build this plant. This was a gravel road, a sand road to that. An example of this sales tax could be utilized, you know, to have paid for that road, the infrastructure to that economic development project. What we had to do right now was it came at the expense of the county to build that road into that plant. It really come back to property taxes. The counties have no method of generating any additional money that they could utilize to attract economic development to their area. And by this tax, you know, they would have some revenue to build infrastructure for economic development projects. This tax would be on the same level as a community can tax. It could be .5, 1 percent, or 1.5 percent. This tax would be on top of the community or the city, as an example the city of Columbus', sales tax. That would be a tax on top of that. This tax would have to be voted on by the voters of the county, whether they want to allow the county to have the authority and have the ability to assess a sales tax to any items, anything that is sold in the county. This would be a tax that would not only be added onto the Columbus tax, their own city's sales tax, but it would be a tax that would be added onto any other business in the county. As an example, it would be businesses like that are in Humphrey, Creston, Lindsay, Tarnov. Those that do charge sales tax. It would be a county sales tax. Those are my opening comments and what realistically we're trying to do is give the counties an opportunity to have some taxing authority and to utilize it only for--as I had said--infrastructure related to economic development. It is not utilized for the General Fund. It's just to be utilized for economic development infrastructure. Those are my opening comments and I would hope that I could answer some questions. [LB278]

SENATOR JANSSEN: Any questions? Chris. [LB278]

SENATOR LANGEMEIER: Senator Janssen, thank you. Senator Stuthman, the way this bill was written prior to your particular LB278, sales tax could be imposed by a city for their General Fund obligations. Correct? [LB278]

SENATOR STUTHMAN: Correct. [LB278]

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SENATOR LANGEMEIER: And so when you add this in here to go to infrastructure related to economic development would you have to already have the plan on what you want to do before you go for this? Or if you don't have to have a plan for the economic development, do you just store this money in a cash fund and it just keeps building until you do an economic development plan or would the sales tax then conclude when that project is over? Is this a start and stop? That's my question. [LB278]

SENATOR STUTHMAN: Senator Langemeier, the way I understand this and the way it was presented to me, and I'm sure Larry Dix of the County Officials Association will probably be able to answer better, but the way I read it in the bill if there's a community that sees there is a need for this, you know, that there is a possibility of attracting some business to come in and go to the county to ask for a vote, you know, to build this. But I see the possibility of if you're waiting for the county to vote on it and you've got somebody that is coming to town or want to build and you need two miles of paved road to do it, you know, that might not work together. So there is a possibility that, in my opinion, if the voters of the county give the authority to the county to assess a tax that there should be some, like a small amount of money in a fund that they could utilize for that. I think the answer would be it needs to work both ways. [LB278]

SENATOR LANGEMEIER: Okay, to follow up, my only concern would be is okay, we pass it today to do a half a cent sales tax hoping we're going to do something and 10 years from now nothing ever happens. What do you do with all the money that you've continuously collected with no economic development? [LB278]

SENATOR STUTHMAN: I would have to refer that to Larry Dix. [LB278]

SENATOR LANGEMEIER: Okay, that's fine. Thank you. [LB278]

SENATOR JANSSEN: Arnie, on page 2 of the bill, line 11, you've scratched out must be used to finance public services provided by a public safety commission and you've inserted may. Don't you think it would be best if it remained must? Otherwise, you could use it for anything you wanted to. [LB278]

SENATOR STUTHMAN: Yes, I could see that a possibility. [LB278]

SENATOR JANSSEN: Would you be amenable with that? [LB278]

SENATOR STUTHMAN: Yes, yes I would. [LB278]

SENATOR JANSSEN: Okay. Thank you. Any other questions? I don't see any, Arnie. [LB278]

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SENATOR STUTHMAN: Thank you. [LB278]

SENATOR JANSSEN: Are you going to stick around and close? [LB278]

SENATOR STUTHMAN: Yes. [LB278]

SENATOR JANSSEN: Okay. We'll take proponents first, please. [LB278]

LARRY DIX: Good afternoon, Senator Janssen, members of the committee. For the record, my name is Larry Dix, spelled D-i-x. I'm executive director of the Nebraska Association of County Officials. Certainly we appreciate Senator Stuthman bringing forth this legislation because we think it's time that we had a discussion such as this about revenue for counties. Senator Langemeier, to answer your question, our envision is that we would allow this to create a fund, a pool of money. If you wait until we're going to locate an account in a county and then go out and try to wait for the next possible time to have a general election to pass a sales tax, you're always going to sort of be behind the curve. And so we would look to be proactive rather than reactive and allow that to generate into a fund. Keep in mind that if at some point in time someone did not locate in the county, there's always opportunities for other economic development issues and that money currently could be used for public safety. So our vision of that would be that it would be created ahead of time. Certainly currently counties can enact a sales tax, but as you know, they can only pass that in areas outside--or they can pass it anywhere--but we can only collect it in areas outside of city limits that currently have a sales tax. So it really is a very, very limited source of income for counties. Historically, counties have tried to do this dual county, tried to do it a number of years ago to try to gain a little bit of sales tax revenue for folks passing through on the interstate, which that would have been outside the city limits. Most recently, Dakota County did it, which was a unique agreement with the city to assist in building the jail, but the city still had some taxing authority left within their 1.5 cent sales tax and there was an agreement there that if the vote of the people, they wanted it to move forward, they would allow that. And so that's sort of a hybrid situation in Dakota County. One of the things that I certainly want to have a discussion with as far as NACO's position, we're as concerned about taxes as anybody else in the state of Nebraska. We're concerned about property taxes. We're concerned about the taxes that all of our citizens pay. But we want to look at it sort of from a comprehensive tax review and the sources of revenue that may be available out there. Certainly right now, from a county government point of view, those sources of revenue are very, very limited. Property tax is the heavy hitter, obviously, with that. That's about the only place counties really have to go to turn to get any type of revenue and we all know, we've all sat through a number of hearings here over the past few weeks and heard the concerns about property tax and what that's doing and how our citizens feel about it. We also constantly hear that people say, you know, the only way Nebraska will survive is we have to grow Nebraska. We have to have more people coming to our state. And the growth in Nebraska isn't just in cities. We are seeing some

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growth coming in. The ethanol plants are a prime example of that. Those ethanol plants are not located inside the city limits. Those ethanol plants are located outside the city limits. Every time an ethanol plant comes in the first request that comes to the county board is I want that road paved. If I'm going to put an ethanol plant there, I want it paved. So the infrastructure needs...these are very, very serious considerations that we have out in the rural areas. And so when we bring this forward we bring it forward very, very seriously to look at the potential for another revenue source. It's not only ethanol plants. There are other people that want to locate and provide economic development for our counties, but not inside the city limits. So we certainly want to bring that out so everybody on the Revenue Committee is very, very much aware of it. Also want to point out that, you know, if this would pass that doesn't mean every county is going to run out and have sales tax. That isn't going to happen. We've had that authority for years and years and years and you can see the history behind that. It has to be a vote of the people. Certainly can't see anything wrong with taking that to the vote of the people in the county if they really are truly excited about economic development and need the infrastructure, why shouldn't it be a vote of the people? Absolutely it should. We're not asking for the authority for a county board to simply implement this tax. Some people would say, well, does it have the potential of property tax relief? I would tell you it's not designed to have a reduction on property tax. It's designed to spur on economic growth within our communities and our county areas. It's going to impact a wide, wide area. The other thing that we have concerns about as counties is our levy limit is constitutional and it isn't like we can come running back to the Legislature and say give us more levy authority. We simply don't have that. It's written into the constitution. So those are the issues that we're starting to see in county government. We see them. They're very serious. We want to look at this. We know that county government is an extension of state government. We want to be good stewards, but we also want to have enough tools in our toolbox to hopefully grow the state of Nebraska and provide some economic development out there. So for that reason we asked Senator Stuthman to bring forward this bill to have a good conversation and hopefully the Revenue Committee will take a serious look at this. We're not looking to take away any taxing authority of the cities. We absolutely want to have that discussion. We would never do that. We don't believe that they have that taxing authority. That's fine. We're looking for this above and beyond that. So with that, I'll be happy to answer any questions anyone may have. [LB278]

SENATOR JANSSEN: Senator Langemeier. [LB278]

SENATOR LANGEMEIER: Chairman Janssen, thank you, and thank you, Larry. I would agree that you need to start this fund ahead of time. Would you be supportive of a deadline, a sunset date, in this? It says once you pass this it only goes for six, seven years, and then terminates and then you'd have to do it again. [LB278]

LARRY DIX: Absolutely. You know, right now we're sort of crying out to the Revenue

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Committee to help us with some ideas. So if you were looking to say we could pass this for a five year period of time to generate a pool of money to enhance economic development and at the end of that period of time it would, of course, have to go back to the voters again to extend it, I would wholeheartedly accept that. [LB278]

SENATOR LANGEMEIER: Thank you. [LB278]

SENATOR JANSSEN: Any other questions? I have one, Larry. Now would this road be a private road or would it be a public road? [LB278]

LARRY DIX: Oh, it would be a public road. [LB278]

SENATOR JANSSEN: Okay. [LB278]

LARRY DIX: It would always be on public property. The infrastructure would typically--that counties would get involved in--would be on public property. I'm hearing more and more from county boards that are saying, you know, people will come to the cities and ask for help in economic development, but it isn't within those boundaries of the city anymore. And they go to the county board and say, you know, we would love to locate here if you could improve that road or improve that bridge to this certain location. And from a county point of view, we absolutely have nowhere to go. We have nowhere to go to entice those people. There's no way to build up a fund to assist those companies to come to our state and there is a number of them that are out there looking. [LB278]

SENATOR JANSSEN: Okay, thank you. I don't see any other questions, thank you, Larry. [LB278]

LARRY DIX: Thank you. [LB278]

SENATOR JANSSEN: Next proponent, please. Any other proponents? Seeing none, any opponents? [LB278]

LYNN REX: (Exhibit 1) Senator Janssen, members of the committee, my name is Lynn Rex representing the League of Nebraska Municipalities. We do strongly oppose this measure, but only the aspect that relates to the ability of counties to impose this on top of local option sales tax cities already or on top, frankly, within an incorporated city or village. When LB1114 passed in 1996, the Legislature enabled counties to have a county sales tax with a vote of the people, but as the law says, outside the corporate limits of a city or village. And we certainly have no problem with expanding the uses for which they could do that to include infrastructure and so forth, or frankly even make a general fund for them. I will tell you that of the 156 cities and villages, and we just passed out a sheet outlining which cities and villages those are, there are 532 cities and

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villages in the state of Nebraska, 156 of them already have local option sales tax, 31 of them are cities of the first class. And our concern is quite frankly that we do not want this sales tax on top of what already is the maximum 1.5 cent sales tax within a city. As you know, when you live within the incorporated limits of a city or village you pay county tax, you pay city tax, you pay school tax, everything else of course. When you live outside the corporate limits of a city, you don't pay city tax. So what you pay is county tax and school tax and that sort of thing. That is one of the reasons why our board feels that citizens living within municipalities were already paying a pretty fair share and a pretty significant fair share of county taxes. And I will also tell you our board is very sympathetic as am I about the plight that counties find themselves in. They absolutely need more money. We understand that. They need it for roads. They need it for streets. They need it for infrastructure and so do municipalities. So with that, I'd be happy to respond to any questions that you might have, but we only oppose the part of this bill that relates to allowing them to do it within the incorporated limits of a city or village. [LB278]

SENATOR JANSSEN: Lynn, did I hear you right when you said that if you live outside of a city you don't pay the sales tax? [LB278]

LYNN REX: Well, for example, let me clarify that and I apologize for talking with a cough drop, Senator. [LB278]

SENATOR JANSSEN: That's all right. [LB278]

LYNN REX: What this bill would do...this bill, right now, counties have the authority to have a county sales tax, but only outside the incorporated limits of cities and villages. But let's take our current situation. When you live in a city or village in the state of Nebraska, you pay county sales tax, city sales tax, schools, everything else. When you live outside the corporate limits of a city or village right now, you don't pay city sales tax. You don't pay that now. And you don't pay village tax and by that (inaudible) property tax, let me clarify that. [LB278]

SENATOR JANSSEN: When I go to Fremont and buy something... [LB278]

LYNN REX: Sure. [LB278]

SENATOR JANSSEN: ...I pay the city sales tax. I don't live there. [LB278]

LYNN REX: Let me clarify this. What I'm talking about is basically when you're paying--and I may have misspoke here--in terms of property taxes, we're already paying...you pay property taxes when you live within the incorporated limits of a city or village. [LB278]

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SENATOR JANSSEN: Right. [LB278]

LYNN REX: You pay property taxes for the county, for the city, for the school, for everybody else. When you live outside the incorporated limits of a city or village, you know, you're not paying the property taxes for a city or a village. So our board wanted to emphasize that we understand the citizens living within these 531 incorporated cities and villages were already paying a significant amount of county taxes as we are city taxes and everything else. So it's not that we're not sympathetic... [LB278]

SENATOR JANSSEN: You clarified it. [LB278]

LYNN REX: ...to what their plight is. We fully understand they need more money. And frankly, our board has discussed in the past, we would support a constitutional amendment to increase their levy. They are in a Catch-22. I mean, they've got a constitutional limit of 50 cents per \$100 of valuation. That's constitutional. And they need some flexibility on that, too. I'd be happy to respond to any other questions. [LB278]

SENATOR JANSSEN: Any other questions? Carroll. [LB278]

SENATOR BURLING: Thank you, Lynn. So I have this county that has two cities in it. One of them has a municipal sales tax. The other one doesn't. The county comes along and votes in a county sales tax. So what happens when the city that didn't have one already says we better get ours so that we can keep all our money to ourselves. Instead of having our citizens pay sales tax to a county, we'll just keep it in our city. Do you have a response to that? [LB278]

LYNN REX: Sure. I mean, basically, under current law if a county would pass the sales tax today in a countywide sales tax upon a vote of a people, what would happen is that there would not be county sales tax paid within any incorporated city or village that already had local option sales tax. So the citizens living in the city without the sales tax would pay that county tax. The ones with a local option sales tax already, if they're at 1.5 percent, would not pay the additional county sales tax, if you will, because they're already at the maximum 1.5 percent. If this bill passes, let's take those two cities again. If this bill would pass that would mean that City A without a local option sales tax right now, but if the county would pass a sales tax, would pay the 1.5 cent--or the half cent, cent, cent and a half, whatever the vote was--sales tax. If you're in the city that already has a 1.5 cent sales tax, they would pay their 1.5 cent city sales tax plus another 1.5 cent or whatever the county sales tax would be. That's what we oppose. [LB278]

SENATOR BURLING: I understand that, but... [LB278]

LYNN REX: Oh, I'm sorry. Maybe I misunderstood the question. [LB278]

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SENATOR BURLING: ...then the city that didn't have a city sales tax prior to the county vote to have one, those citizens of that city are paying a county sales tax, but not a city sales tax, and the other city, those citizens pay a city sales tax, but not to the county. [LB278]

LYNN REX: Well, if this bill passes, if you're in a city with a local option sales tax, this bill would allow you to have not only to pay the local option sales tax for the city, but also a county sales tax on top of that. That's what we oppose. [LB278]

SENATOR BURLING: I thought this bill exempted the cities that had a city sales tax from a county sales... [LB278]

LYNN REX: No, it does not. [LB278]

SENATOR CORNETT: No, that's what she's... [LB278]

LYNN REX: And that's why we oppose it. [LB278]

SENATOR BURLING: Oh, okay. Okay. Thank you. [LB278]

LYNN REX: And I'm sorry if I wasn't clear about that. [LB278]

SENATOR BURLING: Well, I probably just misunderstood. [LB278]

LYNN REX: But right now, just because I probably confused you and myself and everyone else, so to restate this, current law says that if you're a city with a local option sales tax that the county cannot impose a county sales tax on top of that with an exception. Let's say we have a city that has a 1 cent sales tax. So there's an extra .5 sales tax still there. The county could impose a .5 cent because they could impose up to a 1.5 cents. But under current law, you do not have counties having the ability right now to come in with a city that has a city sales tax--Hastings--and impose a county sales tax on top of the city sales tax. For example, in Senator Cornett's district, Bellevue already has a local option sales tax. So this bill would allow the county, if they so chose with a vote of the people, to impose an extra up to a half cent, cent, cent and a half, on top of what the citizens are already paying there. That's the concern that we have and that's why we oppose it. We have no problem with the part of the bill, though, that would expand the purposes for which counties would use countywide sales tax if they're so inclined to impose that with a vote of the people. [LB278]

SENATOR JANSSEN: Chris. [LB278]

SENATOR LANGEMEIER: Thank you, Chairman Janssen, and Lynn, thank you. My

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question is the way the law currently stands, prior to anything happening with this, Columbus has city sales tax. [LB278]

LYNN REX: Right. [LB278]

SENATOR LANGEMEIER: Creston in Platte County does not. If the county passes a county sales tax, currently, the way the law is today, and then Creston says I don't want to pay the 1 cent county sales tax so we're going to do our own city sales tax, would that take precedent or are they stuck paying the county plus whatever they adopt? [LB278]

LYNN REX: No, they could, in fact, go back...I mean, on paper they could do that. I guess I don't know that that operationally would happen. [LB278]

SENATOR LANGEMEIER: But if they deem that Platte County passes a 1 cent sales tax... [LB278]

LYNN REX: Yes. [LB278]

SENATOR LANGEMEIER: ...Creston now has to pay the 1 cent. Well, everybody in town kind of gets together and says why don't we just do 1 cent ourselves and keep the money... [LB278]

LYNN REX: They could do that. [LB278]

SENATOR LANGEMEIER: ...and forget about the county if we're going to have to pay it. [LB278]

LYNN REX: They could do that. And, Senator, I'd refer you to lines 6 and 7 of this measure, because they're striking the language right now that basically allows the authorization of a county sales tax. But it says--and this is the language that we want restored if you would decide to advance this bill--to give them more flexibility in how the funds are used, and we don't have a problem with that. The language that's stricken says, but outside any incorporated municipality which has adopted a local option sales tax pursuant to the law that applies to us, relative to that. So they could later decide to do that. We're just saying once you have it on a countywide basis it would be very difficult to do that, but you could. [LB278]

SENATOR LANGEMEIER: Right, right. [LB278]

SENATOR JANSSEN: Any other questions? Thank you, Lynn. [LB278]

LYNN REX: Thank you. [LB278]

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SENATOR JANSSEN: Next opponent. Any other opponents? Seeing none, anyone in a neutral capacity. Anyone neutral? I don't see any. Arnie to close. You might as well stay up there and then open on the next one after you close on this one. [LB278]

SENATOR STUTHMAN: Okay. Thank you, Senator Janssen, members of the committee. In closing, what we're attempting to do is try to give the counties some method of some revenue so that would help lower property taxes, because then, you know, you wouldn't have to be using county money from the General Fund to attract these businesses. Another thing that I also wanted to mention is, you know, right now at the present time, you know, when a community has their own local option tax of 1.5 percent, you know, there's a lot of dollars coming to the community from outside of that community from in the county. They're paying a large portion of that tax in that community and getting only the benefit of coming to that community. So, I mean, this is just something that we're trying to generate some money, create a fund so that we can attract some businesses for economic development. And those are my closing comments. [LB278]

SENATOR JANSSEN: Chris. [LB278]

SENATOR LANGEMEIER: Thank you, Chairman Janssen. One quick question. [LB278]

SENATOR STUTHMAN: Yes. [LB278]

SENATOR LANGEMEIER: In '06, do you know what the total sales tax revenue was for Platte County, by chance? [LB278]

SENATOR STUTHMAN: No, I don't, but I'm sure that I could get that for you. [LB278]

SENATOR LANGEMEIER: Just mentally calculate numbers, just thinking. [LB278]

SENATOR STUTHMAN: Yeah. [LB278]

SENATOR LANGEMEIER: Thanks. [LB278]

SENATOR STUTHMAN: Could be thousands of dollars. [LB278]

SENATOR LANGEMEIER: Okay. [LB278]

SENATOR STUTHMAN: Thanks. [LB278]

SENATOR JANSSEN: Any other questions? Okay, thank you, Arnie. That ends the hearing on LB278 and Senator Stuthman will open on LB443. [LB443]

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SENATOR STUTHMAN: Thank you, Senator Janssen and members of the Revenue Committee. For the record, my name is Arnie Stuthman, S-t-u-t-h-m-a-n, and I represent the 22nd Legislative District. I'm here to introduce LB443, which is the possibility of creating transportation development districts. I had brought this bill to the committee a year ago and I'm going to go over what this bill realistically does. This is a bill that would create, in an area, a transportation development district for development purposes. In this development district...and I'll give you an example where Columbus is trying to expand their area and community with a new arterial. In that area there's a lot of space where we could develop some retail businesses and create a transportation development district. In this transportation development district, the developer there would develop retail businesses, retail outlets in that area. I'll tell you how one of those districts can be formed. They would be formed under the direction of the county or the city, whoever has the jurisdiction over that area. There would be an election, you know, to approve, to approve the tax development district. That election would approve the tax shall be held...and I'm going to explain who would be voting on this to establish one of those transportation development districts. It would be a--and I have an amendment to this bill that clarifies this--and it would be the majority of those voting in the district, and that would be the people that lived in that district as voters, or if there are no registered voters in that district, which as an example could be 40 acres of property with no residents there. In that situation it would be the majority of the property owners that would have to approve of creating that transportation development district. By creating this transportation development district, what this money would be used for would be for building the infrastructure in that development district. It would be for the streets, the sidewalks, the parking lots, the infrastructure for that development district. The taxes that we're trying to use as an example that they can levy for would be an eighth of a percent, a quarter percent, or up to a half percent additional sales tax in that district. In the district that was developed, as I explained, who would be voting on that, the retail business or the outlets in that district would be the ones that we would have the opportunity to charge another eighth, quarter, or a half percent sales tax to service the bonds that were used to pay for the infrastructure. It is not a tax on the other retail businesses across the street. It's not a tax on any other business in the community. It's additional tax on those business retail outlets in that development district. That is what it is. It's an optional tax. You don't have to pay it if you don't want to shop there. It's not a tax that's added onto anything that is existing in the community, but the reason that we want to do this is because hopefully that the developer will attract such good retail outlets that the people are willing to come there and pay that extra quarter percent of sales tax that will be added onto that. That would be, for example, if it was out in the county there would be no county sales tax on it. It would be just an eighth of a percent or a half percent of sales tax to service the bond for that infrastructure. If it would be under the city's jurisdiction in our community where they already have 1.5 percent of the sales tax, that would be just another eighth, quarter, or a half on top of that, only in that district--only the retail in that district. So I've got quite a few testifiers behind me. I've got some testifiers that will explain how they have developed some of these districts already

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in Missouri and how they're very well accepted. And what we're trying to do is, in my opinion, people are willing to pay a tax that they don't have to pay and it would actually be a property tax relief, because the county or the city wouldn't have to be paying for that infrastructure in that special district. Those are my opening comments and I'll attempt to answer any questions. [LB443]

SENATOR JANSSEN: Arnie... [LB443]

SENATOR STUTHMAN: I noticed you were... [LB443]

SENATOR JANSSEN: No, I had an idea. Say Wal-Mart wanted to come into your district. Could you set up a district there just for that Wal-Mart store so that you could charge a half a cent sales tax just on that particular store? I think that's a good idea. [LB443]

SENATOR STUTHMAN: If there was a development district established and Wal-Mart wanted to come to town and an extra half a percent interest on everybody there, you know, they could have... [LB443]

SENATOR JANSSEN: Would you mind raising that a little bit? (Laughter) [LB443]

SENATOR STUTHMAN: Senator Janssen, I think I'm going to hard enough time keeping it at that half. (Laughter) [LB443]

SENATOR JANSSEN: Okay. Sorry, Arnie. Chris, do you have anything? Anyone else? All right, thank you. [LB443]

SENATOR STUTHMAN: Thank you. [LB443]

SENATOR JANSSEN: We'll have proponents, please. [LB443]

K. C. BELITZ: Senator Janssen, members of the committee, I'm K.C. Belitz, B-e-l-i-t-z. [LB443]

SENATOR JANSSEN: You're not with Wal-Mart, are you? (Laughter) [LB443]

K.C. BELITZ: I'm not. [LB443]

SENATOR JANSSEN: Okay. [LB443]

K.C. BELITZ: I'm not. I wouldn't tell you if I was. (Laughter) I'm the president of the Columbus Area Chamber of Commerce. [LB443]

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SENATOR JANSSEN: There you go, okay. [LB443]

K.C. BELITZ: And I am here on behalf of our legislative committee, our retail development task force, and our board of directors of the Chamber of Commerce in Columbus to support LB443 introduced by Senator Stuthman. We were here last year on the similar bill that the Senator introduced for us. And as I recall at that hearing, Senator Janssen, you made the comment that this idea was beneath Columbus and it was not a tool that we would have to have. And I appreciate the compliment that is implied in that statement, but we look at this as one more tool in the toolbox in terms of recruiting people. Period. Because certainly our employers have told us over and over again that a viable retail base is part of what families or companies even expect as a baseline quality life issue and in today's environment--certainly in our region anyway--we're looking at real challenges in recruiting and retaining people, and there are very few ideas that are beneath us when it comes to something that may have an impact on that. You know, we know we've lost a couple hundred jobs last summer from an employer who just couldn't fill the jobs, and so they've gone elsewhere. And had a convenience store, restaurant tell us this week that they're not sure they can keep the doors open, because they just can't find help. A significant employer in Senator Langemeier's office, in his district, told us they just couldn't ever reach the level of employment they needed to meet their business plan last summer. And that list is a long one. But suffice it to say there's a lot of needs for simply more people in our region. And part of attracting those people, and particularly upper-level people in our experience, maybe a mechanical engineer at BD or a structural engineer at Behlen or a management person at Lindsay Manufacturing. They and their spouse expect to have a viable retail base in any community that they're going to move to and those employers have all given us examples of people they've been trying to recruit to come to rural Nebraska and have not been able to because of that issue. So this is certainly not a silver bullet to that problem. We certainly understand that and it's by no means the only initiative that we're undertaking. It's one of probably two dozen things that we're trying to do as a comprehensive work force development strategy in Columbus, but it is one. And it is one that we believe will make a difference. And certainly as the Senator said, we do look at this as different than a general imposition of just another tax. And, you know, certainly representing the business community we're, you know, not going to be very much in favor of those things generally, and obviously very supportive of what the Unicameral is trying to do with the general tax climate of the state in this session, but it is different in that there's a lot of people that get the choice here. The local government subdivision has the choice about whether or not to put this in front of either voters or property owners, whichever the case may be. The developers have the choice to ask the government subdivision to impose the tax in the first place. Those people that get a vote have that choice. And then finally, shoppers have a choice of whether or not the retail that is brought to this district is, as Senator Stuthman said, whether or not it's the kind of stores that they're willing to shop at and pay another eighth or quarter percent. And the experience in Kansas and Missouri and other places like that would suggest

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that it is a tool that works. Certainly we know our friends in Lincoln and other places around the state have a more general use in mind for this tool and certainly it's a viable use and they'll tell you about that later, but in our case it's really a very limited retail development vision that we have for this and it is one that's important to us in terms of providing a quality of life that enables us to continue to recruit people to take the opportunities that we have sitting there waiting for them in our part of rural Nebraska. For all those reasons--opportunity to drive business, improve quality of life, recruit people--we certainly support LB443 and we appreciate Senator Stuthman introducing it. It is a tool that's worked in areas of neighboring states very similar to Columbus or Scottsbluff or Lincoln or Hastings or McCook, and we hope that the Revenue Committee will take a serious look at giving this tool to retail developers who are trying to do work in areas of the state like ours. I'd certainly be happy to answer any questions. [LB443]

SENATOR JANSSEN: Questions? Chris. [LB443]

SENATOR LANGEMEIER: Thank you, Chairman Janssen. Thanks for coming down, K.C. [LB443]

K.C. BELITZ: You bet. [LB443]

SENATOR LANGEMEIER: I asked this question of the previous bill. Would you entertain a sunset on this? [LB443]

K.C. BELITZ: Yeah, certainly... [LB443]

SENATOR LANGEMEIER: And maybe this would be longer than the other one. [LB443]

K. C. BELITZ: I would guess. Again, in our vision of this, which is such a limited use, probably it would be pretty brief really. I mean, it would be a matter of however long it took to pay off the bonds if bonds were needed for the specific infrastructures being built and then it would go away. So yeah, there's no question. I don't have any problem saying we'd be very supportive of a sunset. And in fact, in many cases, you know, the developer certainly isn't going to want to continue it any longer than it has to, because it is something of a competitive disadvantage that they have to accept. So I think in our vision it would be fairly brief and it would certainly be a defined period of time. [LB443]

SENATOR LANGEMEIER: And the reason I bring that question up, I don't see in here any method to undo it to make it brief. If there's not a sunset... [LB443]

K.C. BELITZ: It just says the government will... [LB443]

SENATOR LANGEMEIER: ...and there's a few people nodding their heads so maybe

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they will enlighten me later. So... [LB443]

K. C. BELITZ: It does allow the county board and city council to disestablish the district, but yeah, there could certainly be language added about, you know, it automatically going away when the improvements are done or something along those lines. I think that would be just fine. [LB443]

SENATOR LANGEMEIER: Thank you. [LB443]

SENATOR JANSSEN: Do you have any fear of, you know, you take this bill and the one prior to it, getting your obligations too high? That you may drive people of, say, Fremont away or something like that? I mean, you know, once in awhile you have to watch those kind of things. [LB443]

K. C. BELITZ: It is a valid concern. Yeah, it is a valid concern. And I guess we just have to trust that all of the people along each of those steps are capitalists, and so they're going to make the decision based upon whether or not they think it makes sense. You know, the developer certainly is not going to impose a tax that makes his development less competitive or less attractive to potential retailers move in. And retailers are going to make that same choice about whether or not they move into that development and etcetera. So yeah, it's a valid concern, but at least in other places where this tool is enacted, they found that it works and that it is worth that competitive disadvantage. [LB443]

SENATOR JANSSEN: It would be imposed upon themselves with the vote of the people. [LB443]

K. C. BELITZ: Exactly. Yeah. [LB443]

SENATOR JANSSEN: Yeah. Okay, any other questions? Seeing none, thank you for being here. [LB443]

K.C. BELITZ: Thank you. [LB443]

SENATOR JANSSEN: Next proponent. Before you start, how many other proponents are there? Oh, we've got quite a few. Let's not try to be...tell us something we haven't heard. Can you do that? [LB443]

RONALD HOSTETTER: Too late. (Laughter) Mine's very brief, though. [LB443]

SENATOR JANSSEN: That's fine. [LB443]

RONALD HOSTSETTER: (Exhibit 2) Good afternoon. For the record, I'm Ronald E.

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Hostetter, general manager of Cornhusker Public Power District, 23169 235th Avenue, Columbus, Nebraska. Chairman Janssen and members of the Revenue Committee, I'm here today in support of LB443, which would authorize transportation development districts, TDD's. My wife Mary and I are 30-year residents of Columbus and it is a great community. We've enjoyed it over the years. We enjoyed raising our children in Columbus and it's been a good place to live. The one area that Columbus leadership has worked hard over the years is in attracting more retail. This continues to be a major goal for our community. As CEO of Cornhusker and in networking with other Columbus community leaders, we are all in agreement that having more retail in the area is critical for our community to grow. Manufacturing in Columbus is expanding and over 400 jobs are available in our community. To assist in attracting new workers to our area we must have a complete package, which includes more retail shopping opportunities. This will continue to be important in the future as baby boomers retire and more workers will be needed. At Cornhusker, for example, nearly 40 percent of our workforce will be retiring over the next 10 years. Our jobs require specialty training and we will need to recruit workers from across the country. When recruiting workers to Columbus one concern leaders often hear about is the lack of retail shopping in our city. One good tool that will assist us in attracting retail is the TDDs. TDDs have worked well in Missouri and Kansas and work well in Nebraska. Columbus is presently constructing a new arterial--and the mayor will talk about that and he's up next--around the city, and this will be a great tool for us as we hope to expand retail. From my standpoint, from the standpoint of other community leaders, I have discussed this issue with the sales tax needed to fund these types of projects is a non-factor. Citizens of Columbus would be more than willing to pay a small amount of sales tax to attract additional retail to Columbus. Only the TDD can charge this tax again. It is very limited and not citywide. Columbus is a very progressive community. We're extremely proud to be headquartered in Columbus. We have new schools, new hospital, new water parks, and new bike trails. For those of us that live in Columbus these are important quality of life necessities. We also need expanded retail opportunities. TDDs may be one of the tools needed for us to help grow our retail. I'd ask the committee to please consider this bill LB443 and consider voting it out of committee for future discussion. Thank you. [LB443]

SENATOR JANSSEN: Okay, any questions? Don't see any, thank you. [LB443]

RONALD HOSTETTER: Thank you. [LB443]

SENATOR JANSSEN: Next proponent. [LB443]

MIKE MOSER: Good afternoon. I'm Mike Moser, mayor of Columbus. Moser is M-o-s-e-r, and I'd like to thank Senator Janssen and the committee for considering our testimony here today, and I also would like to thank Senator Stuthman for introducing this bill. I don't have a whole lot to say other than what the previous "commenters" have said. They, as usual, left everything pretty well covered. The arterial project around

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Columbus is one particular area that this TDD may help. We're building not exactly a bypass, it's a little closer into the city limits. In fact, in some parts it's through the city limits of Columbus. And we could see this TDD tool being helpful in developing some retail developments in this area along with, possibly, tax increment financing, but the problem with tax increment financing is that you need to have a blighted area. And since this is pretty nice territory that this arterial goes through that the TIF will be a little bit more limited in its application. So the TDD would be one other tool to allow us to develop some retail in that area. One of the things I've heard numerous times from our citizens is that they want more shopping and this is one way that we might be able to accommodate the citizens' wishes. So I won't spend a lot more of your time just to say that the city of Columbus is in favor of this bill and we would appreciate your consideration. I don't know if you have any questions on anything? [LB443]

SENATOR JANSSEN: Any questions? Oh, would you happen to be related to that guy right over there? [LB443]

MIKE MOSER: Chris? Yes, I know Senator Langemeier, yes. His mother is my sister, yes. [LB443]

SENATOR JANSSEN: Oh, yeah? That's what I thought. All right. Thank you for being here. [LB443]

MIKE MOSER: I didn't know if I had to disclose that or not. [LB443]

SENATOR JANSSEN: Well, it might help [LB443]

MIKE MOSER: I didn't know if it's going to help or hurt, yeah. (Laughter) Thank you very much. [LB443]

SENATOR JANSSEN: Thank you. Next proponent, please. [LB443]

DON HERZ: Senator Janssen and members of the committee, my name is Don Herz and the last name is spelled H-e-r-z. I'm the finance director for the city of Lincoln. The city of Lincoln is supportive of this legislation which gives cities the authority to create transportation development districts to help finance infrastructure. The city of Lincoln is constantly looking for new tools to finance infrastructure to keep up with the ongoing growth of our city. We are supportive of the concept that a city be allowed to create a transportation development district that would allow those individuals or property owners within the district to decide if they want to impose an additional sales tax on themselves for the sole purpose of helping to pay for the public infrastructure the developing district may need. The legislation appears to be most beneficial in the development of retail business. The city of Lincoln relies heavily on sales tax revenue as a method of helping to keep property taxes low and, in fact, we've continually been able to lower our

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property taxes. Therefore, to allow the city to collect the regular local sales tax and allow a district to self-impose an increased amount to build infrastructure could be an incentive for further retail development. We do have some concerns about the language regarding bonding that liability and maybe annexations that we think could be addressed, and the city therefore expresses kind of its qualified support for the concept of LB443 and is interested in further refinement of the bill. With that, if there's any questions I'll attempt to answer them. [LB443]

SENATOR JANSSEN: Any questions? Seeing none, thank you. [LB443]

DON HERZ: You bet. [LB443]

RAYMOND HERWEG: Good afternoon, Senator Janssen, members of the Revenue Committee. My name is Ray Herweg, H-e-r-w-e-g. I am a vice president with TranSystems. We are a transportation engineering consulting firm. I am responsible for our operations out of our Omaha, Nebraska office. I appear to you also on behalf of the American Council of Engineering Companies today as well as for the Professional Engineers Coalition. Our coalition supports the creation of transportation development districts for the purpose of improving and constructing roads, bridges, streets, infrastructure. Our firm, TranSystems, has considerable experience in the TDD area and it's been very successful in Missouri where we have over a hundred of those districts in existence today. TDDs create a new funding for highway and roadway improvements, especially for non-maintenance type projects. Typical projects would include capacity adding highway widenings, intersection improvements, and new interchanges. They also can be used for downtown parking structures, airport terminals, anything that has to be associated with the TDD. They serve as an additional tool in the toolbox to fund infrastructure at a time certainly when there's a growing gap between the number of transportation projects that need to be completed and the funds that are available. TDDs are optional. They allow government agencies to focus their attention on delivering their highway improvement program based on statewide needs and certainly their priorities. With the TDD being its own body in itself, it can move the development of improvements at its own pace, which is almost always faster than a roadway improvement project. Developers, for example, are always extremely anxious to get their developments done usually within about a year. This tool can spur economic development which can certainly be a ripple effect of the transportation development district. I want to thank you very much for the opportunity to be here today to appear to you on behalf of LB443. With me is Frank Weatherford who is a vice president and principal with our firm. Frank has been instrumental in a number of these TDDs that have been established in Missouri and I'd like to ask him to come up here and make a few statements and then I would ask maybe that you ask questions of him since he has firsthand knowledge of how these work. [LB443]

SENATOR JANSSEN: Okay, we'll be easy on you. I don't think we're going to ask any

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questions of you. [LB443]

RAYMOND HERWEG: I'll be happy to answer any, but... [LB443]

SENATOR JANSSEN: That's fine. Thank you. [LB443]

RAYMOND HERWEG: All right. Thank you. [LB443]

FRANK WEATHERFORD: Good afternoon, Senator Janssen, members of the committee. As Ray said, my name is Frank Weatherford, W-e-a-t-h-e-r-f-o-r-d. I'm a principal in TranSystems' Kansas City office and have some experience with TDDs in Missouri. The first TDD in Missouri was formed in 1999. There was one in 1999 and since then they have grown in popularity and now there is over a hundred, and it seems like they're gaining popularity as we go along. They are just another tool to help development to build public infrastructure. Since they have gained popularity in Missouri there really is no opposition to new TDDs when they are formed. As far as the life of a TDD, typically when they're formed there is a set of projects or improvements that are needed to be done. Because of the development those projects are then funded, built, and the TDD is either then rolled back to a zero tax or completely dissolved altogether. In Missouri, we have the ability to go up to a total of 1 cent in one-eighth of a cent increments, so one-eighth, one-fourth, three-eighths. But virtually all of the TDDs in Missouri are set at one-half cent. So for some reason that just seems to be the right amount. So that's where we are there. As far as the earlier question or comment about Wal-Mart, there are TDDs in Missouri that include Wal-Marts. One of the other things that I think that you could notice if you looked at the TDD projects in Missouri is that it's consistently a quality type development. This allows additional revenue early on so that the project is built in a higher quality manner. I think that's something that you would see consistently. I would be happy to address any questions. [LB443]

SENATOR JANSSEN: Chris. [LB443]

SENATOR LANGEMEIER: Thank you, Chairman Janssen, and thank you for your testimony. Just so I have this clear in my mind, if the funds that could be raised in this could be used for per se a service road in, parking lots, landscaping, the building itself... [LB443]

FRANK WEATHERFORD: No. [LB443]

SENATOR LANGEMEIER: ...in the area or just the external things around the building? [LB443]

FRANK WEATHERFORD: It can be used for some buildings. And again, I'm going to relate the experience from Missouri. They have to be a transportation use. So for

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example, the structure of a bus stop, an airport terminal...there is, of the many in Missouri, one of them actually is related to an airport development. The vast majority are roadway-type projects, but trails, parking garages, intersection improvements, signals, widening of roadways, interchanges, new roadways, things that are transportation related. [LB443]

SENATOR LANGEMEIER: So it could be used for a major street that goes in front of it? [LB443]

FRANK WEATHERFORD: Absolutely. [LB443]

SENATOR LANGEMEIER: Okay, thank you. [LB443]

FRANK WEATHERFORD: Or the widening of a major street so that if you've got...a real typical project is a two-lane road that then retail comes in beside that and because of the additional traffic they want additional lanes to handle that traffic. And instead of a stop sign type intersection they need a signalized intersection. Those are the type of public infrastructure projects that this has been used for time and time again. [LB443]

SENATOR LANGEMEIER: Okay, thank you. [LB443]

SENATOR JANSSEN: Any other questions? Don't see any, thank you for being here today, Frank. [LB443]

FRANK WEATHERFORD: Thank you. [LB443]

SENATOR JANSSEN: Next proponent. [LB443]

BRUCE BOHRER: Thank you, Chairman Janssen, members of the Revenue Committee. Bruce Bohrer, appearing on behalf of the Lincoln Chamber of Commerce in support of LB443. For the record, Bohrer is spelled B-o-h-r-e-r. I'm going to be very quick. I think the previous testifiers have covered it very well, but four main points. I think the established need for road funding has been pretty well established in Nebraska, not just in Lincoln or Columbus or other populated areas. If I recall correctly our statewide need that the Department of Roads puts out over 20 years, I believe it sits at around \$6 billion of unmet funding gap so pretty significant. You know, the other thing is I think what K.C. from Columbus said is another tool in the toolbox. That's something that's attractive to us as well. Certain developments it's probably not going to work too well on. But those that you're willing to look at it, as he said too, as a capitalist and figure out whether or not this added cost is still going to make it go, it should an option. It would be an option that we think we would probably use in a few instances in Lincoln. Road infrastructure needs are very closely tied to infrastructure development. And I think, again, that isn't just in Lincoln or Columbus. I think it's just about everywhere

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across the state. And finally, I would just make the point that, you know, what we hear from the federal government as far as the stability of the federal trust fund for gas taxes is that in 2009 it's pretty well going to be bust. And I think the same thing is occurring with our state trust fund. It is diminishing in the capacity to meet our road infrastructure needs. So we really strongly feel that we need to look at other options. With that, I will conclude my remarks and answer any questions that you might have, Senators. [LB443]

SENATOR JANSSEN: Any questions? Ron. [LB443]

SENATOR RAIKES: Bruce, why wouldn't we just take sales tax money from the state and put it in the Highway Trust Fund? [LB443]

BRUCE BOHRER: Well... [LB443]

SENATOR RAIKES: That way you would continue the prioritization that the Highway Commission does and that sort of thing. [LB443]

BRUCE BOHRER: It would be an option, Senator. I'll answer that to why, from our perspective, that wouldn't work quite as well. This way we capture all of the sales tax. When we run it through the formula as the formula is currently written, and you know this because you have a proposal to look at the highway funding needs, we think the formula as it's currently written does not give us an adequate amount back. If you run it through the formula right now I think we get 29 cents on the dollar. So just from a strictly self-interested perspective, if we're going to impose this locally we want to capture the revenue and I would assume a lot of the other local political subdivisions kind of feel the same way. [LB443]

SENATOR RAIKES: One other question if I could. Does the Lincoln Chamber support the repeal of the sales tax on construction labor? [LB443]

BRUCE BOHRER: Yes. [LB443]

SENATOR RAIKES: So we're going to narrow the base, but yet we're going to use sales tax for roads? Okay, thank you. [LB443]

SENATOR JANSSEN: Any other questions? Seeing none, thank you, Bruce, for being here today. [LB443]

BRUCE BOHRER: Thank you. [LB443]

SENATOR JANSSEN: Are there anymore proponents? [LB443]

LYNN REX: Senator Janssen, members of the committee, my name is Lynn Rex, R-e-x,

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representing the Nebraska League of Municipalities. We do support the concept of LB443 as noted by Don Herz from the city of Lincoln. We think there are some issues relative to bonding as well as annexation that you'd want to take into consideration if you would choose to advance the bill. We support this bill as long as it is additional sales tax. We would strongly oppose this bill if, in fact, it would not have the authority for an additional sales tax, because we desperately need our local sales tax dollars and I would just underscore what Bruce Bohrer has said. Across the state of Nebraska there is a huge unmet need in terms of having transportation dollars available for infrastructure. I'd be happy to respond to any questions that you might have. [LB443]

SENATOR JANSSEN: Any questions? Seeing none, thank you, Lynn. [LB443]

LYNN REX: Thank you, Senator. [LB443]

SENATOR JANSSEN: Are there anymore proponents? How about opponents? Anyone against the bill? Those in a neutral capacity? Seeing none, Arnie, close? [LB443]

SENATOR STUTHMAN: Thank you, Senator Janssen and members of the committee. In closing, I think you have seen a lot of testimony in real support of this bill and I would just ask that the committee keep a very open mind on this. This is a tax that is only on the development in that development district. And I'd like to relate to a question that was asked prior from Senator Raikes as far as getting the money from putting it into the highway fund and getting it back. I think in our situation in Columbus, you know, we wouldn't get any of those dollars to build a street north of Columbus in that area what we're looking at. And I think this is a real tool. It's a tool that you people don't have to pay if you don't want to come there, but if that development attracts you there and you want to have a nice street to come on there and you want to have a nice maybe a third lane so you can just drop off and go to that very convenient retail outlet then I think, you know, this is something that, you know, we're just utilizing the tax from that area to help with those very needed improvements to attract the people there. With that, those are my closing remarks. [LB443]

SENATOR JANSSEN: Thank you, Arnie. I don't see anybody with a hand up so you're home free. [LB443]

SENATOR STUTHMAN: Okay, thank you. [LB443]

SENATOR JANSSEN: That ends the hearing on LB443. Senator Avery here? Before you get started here, we'll take these two bills together because they are similar. So Senator Avery you do your opening and then we'll have Senator Nelson do his. How's that? [LB565 LB697]

SENATOR AVERY: Okay. [LB565 LB697]

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SENATOR JANSSEN: All right. [LB565 LB697]

SENATOR AVERY: Thank you, Mr. Chair and members of the committee. For the record, my name is Bill Avery, A-v-e-r-y. I represent District 28 here in Lincoln. LB565 would allow the creation of entertainment and tourism development districts. Those of you who have been around or were here last year will recognize this. These districts could use state and local financial assistance to develop or to redevelop or expand entertainment and tourist destinations, which in turn, we believe would contribute to economic development and job growth in Nebraska communities. This development would not otherwise occur in these areas if left to the normal business process and ordinary operations of private enterprise. LB565 is designed to promote the economic welfare of the state and its communities by authorizing cities, counties, or joint authorities to do two things. It's an empowerment piece of legislation. Cities, counties, and joint entities would be able to acquire property. They would be able to issue special obligation bonds for the financing of development projects that promote the establishment or expansion of entertainment and tourism development districts. And three, it would provide financial assistance as necessary to accomplish these purposes. Activities that would qualify under this act are activities that are expected to attract people from out of state who will spend money on tourism, recreation, entertainment, and other such activities. Among these activities would be educational, musical, recreational, historical, civic, cultural, athletic activities including sporting events. It would provide lodging and related services in sponsoring conventions, meetings, trade shows, and educational events. This act would focus on undeveloped and underdeveloped areas in which land that is not currently being put to its highest or best use. So the creation of these entertainment and tourism districts would be in undeveloped or underdeveloped areas. They could not exceed 200 acres if located within the boundaries of a city or a village and they could not exceed 400 acres if located elsewhere. If the eligible area is located in whole or in part within or contiguous to a census tract that contains a percentage of families below the poverty line of greater than 20 percent, then a community partnership plan must be presented as part of this application. The community partnership plan must designate a community partner for the entertainment and tourism development district and create plans for development of non-gentrified housing, community cultural facilities, or community educational facilities in the adjacent community area of this district. If this legislation becomes law, I believe that cities would have--I think the law says--two years for the creation of the district to a board, they would have to apply to a board that would consist of the Governor, the State Treasurer, and the chairman of the Investment Council. Once the districts are created, projects in the area could be eligible for financial assistance to the city. To be eligible for this assistance, projects would have to result in at least \$20 million in new investment and 75 new jobs. Applications for financial assistance would be reviewed and approved by the board. What happens then? Well, when approved the city then could receive assistance in the amount not to exceed 75 percent of state sales taxes and 100 percent

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of all local sales taxes collected within the development project area beginning with the month that the project is approved. Now this excludes previously existing businesses that continue to operate within the district, but it does not exclude hotels. Hotels are covered. This use of sales taxes would be applied to hotels for five years. If a community partnership plan is required because of the contiguousness to a low-income area then 25 percent of all financial assistance in all years would be used to carry out the community partnership plan. The assistance provided in this bill would be returned to the city and could be used to service bonds issued for public infrastructure serving in the areas such as storms, sewers, streets, parking lots, lighting perhaps. LB565, I believe, is an important tool to foster economic development where it is sorely needed. This act also will bring business and tax revenue into Nebraska that might otherwise be lost to the state. It will allow communities the opportunity to finance much needed facilities that will attract out-of-state tourism and entertainment dollars. It will help create entertainment and tourism destinations that all Nebraskans can look to with pride. I believe this is important to all of Nebraska and is important to the state's continuing economic health. Now you recognize this probably from last year, because it embodies last year's LB500. This is a mature bill. It went through an extensive process of debate, bargaining, compromise, and I believe that it's important that we bring it back to you as a mature bill. We did not start from scratch and then have to go through all that negotiation and bargaining again. It's all in here. Retail has been taken out, which I understand last year was a major point of contention. Now you will here from Senator Nelson after me about his bill LB697. There is one key difference in his bill and this one I want to point out, and that is a different allocation formula for the disbursement of money to these community partnership plans. This bill, LB565, calls for 25 percent. That was in the negotiated package last year. I believe his bill would cut that in half so you might want to take that into consideration. With that, I would tell you that we have a number of people here who will be testifying. Many were a part of that negotiation process last year. They know this bill. They know the technical aspects of it. And I would be happy to take any questions you might have, but if I can't answer the question somebody else here can. [LB565 LB697]

SENATOR JANSSEN: Okay. Any questions? Seeing none, Bill, thank you. [LB565 LB697]

SENATOR AVERY: Thank you. [LB565 LB697]

SENATOR JANSSEN: Senator Nelson. [LB565 LB697]

SENATOR NELSON: Thank you, Senator Janssen and members of the committee. My name is John Nelson, spelled N-e-l-s-o-n, and I represent District 6, which is in the central portion of Omaha. Senator Avery did a very extensive and comprehensive job, I think, of covering the gist of not only his bill, but the bill that I'm sponsoring, LB697. The terms are practically all identical during the way through. I think probably, as he

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mentioned, the only big difference is the allocation of the financial assistance and I will just take you briefly through what our bill provides, which is LB697. For the first five years, 75 percent of state sales and use taxes would be allocated, 62.5 percent of which would be used for financial assistance to the project, and 12.5 to carry out the community partnership plan if a community partnership plan was in existence. As he said, that would be developed if within the census tract at least 20 percent of the population was below the poverty level. And this is put in there so that some of these funds, whether it's 25 percent or 12.5 percent, would be used for development as he said, of non-gentrified areas. I'd never heard the term gentrification and I just want to be sure that you all understand that's the restoration of deteriorated urban property by which middle and upper classes, that restoration can result in the displacement of low-income people. So this sort of provision here would not have that effect. It would be used to the benefit of the population there that are below the poverty level. We just addressed state sales and use taxes. One hundred percent of all local sales and use taxes would be applied and 75 percent of that for financial assistance to the project, and 25 percent used to carry out the community partnership plan. That's for the first five years. In the second five years and beyond then the allocation changes and only 62.5 percent of the state sales tax is requested or applied, and 100 percent of all local sales and use taxes. And I might point out that during the initial five year period, every business in existence there in that district would contribute sales tax whether state or local. During the second five years, businesses that were in existence at the time that the project was begun and are still in existence after five years, would be excluded from that tax. So that tax would still stay with the state of Nebraska and with the General Fund. This bill here does not have a sunset provision. I believe Senator Avery's does, perhaps, two years after the establishment and financial assistance would no longer be available after the retirement of bonds or 30 years after the contracting public body first received its financial assistance. I think you all have a fiscal note there. I won't go into that. There may be other testimony on that. In the interest of time I'm just going to say that I think this sort of bill to develop entertainment and tourism is necessary. I think it would be a great advantage not only to the city of Lincoln and the city of Omaha, but in various areas around the state, especially along Interstate 80. We do have persons that are interested in developing projects. Speaking in terms of Omaha, I just want to point out that if something is developed within the city limits there we would be losing sales tax, yes, in the designated area, but we would be hoping to attract a lot of people from out of the state that would not only attend that district there, but it would also go to the Old Market, the zoo, other places where we would gain revenue from sales taxes. And that would also include restaurants and retail outlets not only in Omaha, but across Nebraska. And I would conclude by saying that it will incentivize businesses to build in Nebraska a structure worth at least \$20 million in investment and create at least 75 new jobs. The fiscal note anticipates that perhaps up to four projects might be funded. With that, I will close and entertain any questions if there are any for me at this time. [LB565 LB697]

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SENATOR JANSSEN: Any questions? Don't see any, thank you, Senator. [LB565 LB697]

SENATOR NELSON: Thank you very much. [LB565 LB697]

SENATOR JANSSEN: We'll take proponents on both the bills. How many proponents do we have? As I said before, try not to be repetitive. Tell us something we haven't heard. (Laughter) All right. Go right ahead. [LB565 LB697]

DICK CAMPBELL: (Exhibit 3) Chairman Janssen, I am Dick Campbell, C-a-m-p-b-e-l-l. I have just recently finished as the chair for the Lincoln Chamber of Commerce and I've had the opportunity to chair the recently completed Mayor's Task Force on Event Facilities here in Lincoln. The last 18 months this task force has worked to analyze Lincoln's needs with regard to our present Pershing Auditorium and the need and the feasibility of a new arena in Lincoln. The needs have been based on what Lincoln needs and not a competition with existing facilities. I'm here to testify in favor of LB565. This is the bill that Senator Avery pointed out that picks up where LB500 left off and had been worked and negotiated in the previous legislative sessions. The three pages in front of you are work from the task force, the first, identifying the anticipated cost for a new arena here in Lincoln, including the road networks and land acquisitions and such through that. The second part shows you the private investment on that first page that we would anticipate as a part of that project. The second and third pages go into a list that the task force compiled showing potential sources of revenue that could assist us in accomplishing this project. Obviously, not all of them are as equal as others. And you'll look in that certainty of estimate column that goes 1-10 in its scale. And our task force came up with the higher the number, the more certain we felt that it probably could be accomplished as a revenue source for this project. You will see the wide listing on both the one time revenue sheet and the projected annual revenue sheet that we have thought might be possible sources for assisting us. You'll notice number eight on the projected annual revenue sheets was our look during this task force work while LB500 was under consideration this past year. You'll also note that we have done ranges from low estimate to high estimate and the ranges are tighter where we felt the sources were potentially more viable in a shorter period of time. The thing I want to point out about this list--and it's very comprehensive and encompassing--is the fact that you will notice that many of those sources of revenue are local sources. The one in particular that we are asking your assistance on is LB565 which would aid us in moving this project forward in this community. The second part of this is that we had the University of Nebraska's Bureau of Business Research do a cost benefit analysis on the construction of this facility here in Lincoln. From their work and their calculations, the construction of this facility in Lincoln would add the equivalent of over 5,260 full-time equivalent jobs--over 3,500 in the construction of the arena and the road development, and an additional 1,672 full-time equivalents in the private construction called for in this report. This is an extremely important project for the economic development in Lincoln and the

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state of Nebraska. From a Lincoln standpoint, we gain new entertainment and convention facilities to support the needs of our community. From the state perspective, we benefit from increased jobs and their contributions of income and sales tax. We would appreciate your assistance in helping us move Lincoln forward and the state by supporting these requests and LB565. And I'd be happy to answer any questions, sir. [LB565 LB697]

SENATOR JANSSEN: Questions? One. How many FTs did you say right towards the end? [LB565 LB697]

DICK CAMPBELL: 5,260. [LB565 LB697]

SENATOR JANSSEN: Okay, thank you. [LB565 LB697]

WENDY BIRDSALL: Good afternoon, Chairman Janssen and members of the Revenue Committee. I'm Wendy Birdsall, B-i-r-d-s-a-l-l, and I'm the president of the Lincoln Chamber of Commerce. In addition to offering support from the Lincoln Chamber of Commerce, I'm also authorized to present support on behalf of the Nebraska Chamber of Commerce and Industry. As Senator Avery had mentioned earlier, we were very involved with former Senator Landis and the LB500, and we're very happy that Senator Avery has taken it up to champion the cause of enacting the Entertainment and Tourism District Act. I would like to support this bill for many reasons. Primarily, because tourism is the third largest industry in our state closely following manufacturing and agriculture, and we would like it to follow it even closer than it is at this time. We see LB565 as a viable means for the state to work together in a partnership with local communities and private partners to build the entertainment and tourism infrastructure in our state. As the bill stated, it is a matter of state public policy and public interest to facilitate the increase of tourism revenue and associated opportunities to encourage economic growth and jobs in this state. We did undergo a lengthy analysis of our needs here in the community, both through Randall Travel Marketing and the Convention and Sport and Leisure study, and then finally with the Mayor's Arena Task Force. And we feel we've done a very thorough job of analyzing our needs and those that are not currently being met and feel that LB565 could aid us in appreciating and realizing those needs here in Lincoln and also in the state of Nebraska. The good news is we've got a group here in Lincoln, the 2015 Visioning Group, that is helping spark philanthropic efforts and private investment into our community, and we feel that this time is right to help capitalize on that and this type of legislation will give us a window of opportunity to upgrade not just Lincoln's tourism and entertainment facilities, but also the state's. I'd be happy to answer any questions. [LB565 LB697]

SENATOR JANSSEN: Questions? Don't see any, thank you. [LB565 LB697]

WENDY BIRDSALL: Thanks. [LB565 LB697]

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BRADLEY STAUFFER: Good afternoon, Senators. My name is Brad Stauffer, S-t-a-u-f-f-e-r. I'm here representing the Gretna, Nebraska area Chamber of Commerce. I'm coming before you today on behalf of the Gretna Area Chamber of Commerce to support LB565. As a Chamber, this is the first year that we've become active in the legislative arena and we felt it important to take a stand on bills that would affect the Gretna area, and we've targeted this as one of our most important bills this session. We feel that we are in an excellent position to benefit and grow from the tourism industry and we feel that this bill will give us the tools that we need to make this happen. We've already seen great interest in our area and we've been approached by a number of restaurants, hotels, etcetera, but we simply haven't locked that one big project to close the deal. So I come before you in support of LB565. We feel that we can do fantastic things along the I-80 corridor with the passage of LB565. The areas surrounding Gretna and Ashland is ripe for growth of tourism-related activities as is the entire I-80 corridor. Mahoney is the already established tourism hot spot with Mahoney's Park, Henry Doorly's Safari Zoo, the SAC Museum, and a world-class golf course. These tourist draws are strengthened by the area attractions such as Omaha Zoo, Cabela's, as well as their proximity to Omaha and Lincoln. We know that there have been a number of tourist attractions that have looked at the region around Mahoney, and we feel that this region continues to be an excellent area for the growth of tourism. We feel that companies will continue to focus on this region as a future site of tourist attractions. So what would be in this for Gretna? We understand the growth of the tourism industry is a tremendous asset for the entire region and, in fact, the entire state. Dollars brought in from outside the state are precious. I also understand that when my family travels we use our time together to shop and do other activities, pumping dollars into the local economy wherever we may be. We're always hopeful that we would develop a tourist attraction in the Gretna area, but we also understand that even if this tourism locates at the Mahoney Interchange or anywhere else along the corridor we will reap great benefits from the collateral growth and development. Our location between Mahoney and the Omaha area, and our proximity to the interstate with the ability to provide utilities makes us an excellent location for the growth of hotels, restaurants, and a number of other options all of which would serve to strengthen the economy of Gretna and the entire state. We understand that any development that benefits our neighbors benefits us and the entire state as a whole. We're often confused by individuals that fail to understand the value of incentives such as those contained within LB565 or there may be some short-term use of dollars to repay funds. There are also a number of advantages and increased tax revenues will cascade across the region. We understand that as a chamber that any major attraction in the region would vastly increase our sales tax base and greatly increase our local option sales tax collections. The location of a major tourist attraction near Mahoney would allow for extensive growth throughout the region that would lead to additional sales tax, property tax, jobs growth, and overall growth throughout the region. As we've seen time and time again throughout the region and many others, it takes incentives such as the ones here to land a major attraction. If

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we fail to pass the incentives, we don't keep more tax money and we're not seeing the bigger picture. There's little chance of landing a major attraction such as the one served by this bill without incentives. So we're, in fact, losing nothing by passing the bill. What we lose by not passing the bill are the jobs, the additional sales tax generated, the property tax generated, and all the collateral growth in their sales tax, lodging tax, as well as the increased growth of tourism-related industry along the interstate, not to mention the retention of young families and the draw to those considering a move to Nebraska through increased cultural entertainment opportunities. As people have asked me what the advantage this has for the region, I point to the region around Adventure Land in Des Moines, which was built out in the country and is now surrounded for miles by development. The NASCAR track in Kansas City, which I believe our area was considered for and the growth around it--and I noted there that my daughter asks us weekly to go to stay at Great Wolf Lodge and spend our disposable income in Kansas--and even the area around Cabela's which is only beginning to blossom. Without the initial draw, none of these areas would have developed. We would have lost a number of projects in this area. The NASCAR track went to Kansas City. The Chip Davis Project in Mahoney never came to pass and a variety of other projects have been discussed. Without plans such as the ones provided for in LB565, we will continue to lose major projects. As we look across the country we continue to see that major attractions locate where the incentives are and we see that states continue to expand incentives because they see the value in increased tax revenue that results. We've also seen that these large projects will gravitate away from areas that don't provide incentives costing those regions valuable projects' huge potential tax benefits. I feel that we can ill afford to overlook the advantage to Nebraska through increased tax revenue, jobs, and the entertainment value this bill could provide. So I come before you today telling you that we in Gretna see the extensive value of passing the bill. We hope that you see the benefits as well. Please vote this bill out of committee. Help us to do our job to recruit tourist attractions to Nebraska. Help us to enhance jobs. Help us to increase cultural opportunities and help us to increase tax revenue through increased sales tax and associated lodging and property taxes for Gretna, Ashland, the entire region, and in fact, the entire state of Nebraska. Please vote for this bill to the floor for full debate and I hope for the ultimate passage of LB565. Thank you. [LB565 LB697]

SENATOR JANSSEN: Thank you, Brad. Do we have any questions? [LB565 LB697]

BRADLEY STAUFFER: Any questions? [LB565 LB697]

SENATOR JANSSEN: I just have a statement to make that I have seen and heard where the city of Gretna with their possibility of growth there could eventually be the third largest city in the state someday. [LB565 LB697]

BRADLEY STAUFFER: Yeah, we've seen that and we have a tremendous amount of interest as it is and we think anywhere along the corridor would be a great place for this

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and we think it would help with that, too. [LB565 LB697]

SENATOR JANSSEN: I think you're doing a fine job there. [LB565 LB697]

BRADLEY STAUFFER: Thank you. [LB565 LB697]

SENATOR JANSSEN: Um-hum. Any other questions? Seeing none, thank you. Next proponent. [LB565 LB697]

STEVE MINARD: (Exhibit 4) Senator Janssen, committee, my name is Steve Minard, M-i-n-a-r-d. I'm the president of Wild Escape Theme Park. I come to you today as a potential applicant under the proposed statutes. The opportunity that we're looking at bringing to Nebraska is a \$200 million campus with theme park, sports complex, entertainment, night life. It's an all ages, family-oriented development with a marketing radius of about 250 plus key market such as Denver that are outside our 250-mile radius. In order to build something on this scale, which is needed to draw in people from great distances, there's a significant amount of infrastructure that's required. In Nebraska, TIF is not a tool that's available outside of city limits and so traditional TIF, if we're going in a more rural area, which is what we need to assemble--our ideal footprint is 640 acres--for us to assemble that amount we really do need to go at the edge or outside of city limits. So the traditional TIF is not an option for us under that scenario. We are currently under construction in West Virginia using a similar statute. It's an excise tax TIF district that essentially replaces sales tax with an excise tax that's used to pay down the bonds. That enabled us to pay over \$50 million in infrastructure costs and move forward. There, as here, we will be employing over 1,000 people--actually 1,200--300 of which are professional level positions. A thousand of those positions directly within the theme park are year-round. We have indoor and outdoor options so it is a year-round facility. We also are a community partner. So there are some benefits that you might get in having these tourism businesses come in that may not be obvious. With us, we are already doing community outreach in West Virginia. We're contacting schools. We're involved in literacy programs, internship programs. We've contacted the Solid Waste Authority for Ohio County, which is the county in which Wheeling is located. What we are doing is we do a lot of things that are more green technology oriented or in support of local businesses. There it's clean burning coal. Here it would be biodiesel E85 Ethanol, and what we do is we try to achieve close loop landfill, which means that virtually none of the waste that's generated by the park ends up in a landfill. It's actually composted and turned into fertilizer and then reused in the life cycle. There are other benefits to having destination attractions come in and Jim Kaiser will speak more to that, but again, this is something that we sincerely do mean it when we say that we need a tool such as this in order to make this project happen in Nebraska. We've been involved in this legislation since before the original LB500 was introduced. So this will happen if some kind of tool such as LB565 or LB697 is enacted. Any questions? [LB565 LB697]

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SENATOR JANSSEN: Questions? Seeing none, thank you. [LB565 LB697]

JAMES KAISER: (Exhibit 5) Senator Janssen, committee, my name is Jim Kaiser. I'm a hired real estate consultant for Wild Escape Theme Parks. They hired me a few years ago to do some research work for them. The original intent of the research was to establish what kind of businesses and ancillary uses would accompany the development of a project in the nature of which they have planned, a major theme park. So I took advantage of that time three years ago to research the parks that have been built in the last 10 or 15 years in the United States and try to get a handle on what types of businesses would accompany this park. And it's important for me to point out that we are talking about businesses that would surround this park and not be within the area that would be affected by your incentives. So these would be businesses that would be paying the full property taxes and full sales taxes, you know, for their uses. We'd be looking at different businesses such as hotels, retail development and the types of ancillary uses that will accompany the number of jobs that are going to be created. It is going to result in the development actually taking place in several phases. Once the park is built the initial phase that takes place around the park is services that would serve that industry and that would include like hotels and retail. Businesses that would attract the interest of tourists that would be coming through the area and local people that would be coming to the theme park. The second phase of that would include housing and businesses that would serve the people that worked at the theme park and lived nearby. You know, depending on the location of the park, you know, the local community would be directly impacted and their housing would be expanded considerably. The third phase of that would be a continued cycle of development, you know, not unlike when you have a major retail development. You know, it attracts other businesses that want to take advantage of the services that are being provided in that area. So I discovered in my research that in every case, you know, where there is a major theme park built there is always a considerable amount of development that took place around it. Sometimes several times the size of the theme park itself. And it's always impossible to predict exactly what's going to happen because each one of these developments, as you look around the country, are a little bit different from each other. One of the things that is true is that depending on the services that are already in the area, those wouldn't necessarily be duplicated, but there certainly would be an expansion and there would be filling in blanks, you know, where tourists and people that are visiting the park would need to have their services, you know, for housing and for hotels and for retail. Those needs would need to be filled. I think that this incentive that you would be looking at giving the amusement park or any other use that would be similar to that you will find, you know, that over a very short period of time that the benefits will far outweigh the incentive that's being paid. I'd like to answer any questions if I could. [LB565 LB697]

SENATOR JANSSEN: Any questions? Jim, you made the statement that you would

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need up to a section of land. Would you need an amendment to make that 640 acres rather than...? [LB565 LB697]

JAMES KAISER: You're asking me about the acreage? [LB565 LB697]

SENATOR JANSSEN: Yeah. [LB565 LB697]

JAMES KAISER: I'm probably not the right person to ask that question. That would be something that probably Steve would be better to answer as far as the usage. [LB565 LB697]

SENATOR JANSSEN: You made a statement you could use up to a section of land. [LB565 LB697]

JAMES KAISER: Actually, Steve made that. [LB565 LB697]

SENATOR JANSSEN: Oh, okay. [LB565 LB697]

JAMES KAISER: Yeah. [LB565 LB697]

SENATOR JANSSEN: Would that be beneficial to you? [LB565 LB697]

JAMES KAISER: I guess I would defer that to Steve, but I would think that yes, I would. [LB565 LB697]

SENATOR JANSSEN: Okay, that's good enough. [LB565 LB697]

STEVE MINARD: We're okay. [LB565 LB697]

JAMES KAISER: Okay. [LB565 LB697]

SENATOR JANSSEN: All right. Okay, thank you. [LB565 LB697]

JAMES KAISER: You bet. [LB565 LB697]

SENATOR JANSSEN: Next proponent. [LB565 LB697]

DON HERZ: Senator Janssen, members of the committee, my name is Don Herz, last name is spelled H-e-r-z, finance director for the city of Lincoln. I'm testifying in favor of LB565 and LB697. I'll be brief. The city of Lincoln is exploring various options to replace our existing civic auditorium, known as Pershing Auditorium, with a new facility that will allow the city to attract and retain the types of events that the citizens of Lincoln and the state of Nebraska expects of its capital city. We are also looking at increases in the size

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of our convention space. LB565 or LB697 would represent a very important piece of legislation to assist in the funding of this facility, along with the other private investments and contributions and public funding from the citizens of the city of Lincoln. Last year, we testified in favor of a very similar bill, LB500, which is essentially LB565. That bill was carefully worded to ensure that any revenues accruing to the city or other communities, could be bonded and thus be used in the financing of arena. So that is one of the other major differences between the two bills and we had spent a fair amount of time crafting that language. With that, I'd be willing to answer any questions. [LB565 LB697]

SENATOR JANSSEN: Questions? I don't see any, Don, thank you. Next proponent. [LB565 LB697]

FRED UHE: Senator Janssen, members of the committee, my name is Fred Uhe, last name is spelled U-h-e. I'm the chief deputy clerk and registered lobbyist for Sarpy County. Just my county board wanted us to go on record in support of these concepts again. If you remember two years ago, Sarpy County was very involved in discussions of LB500 and the enticement of Cabela's to Sarpy County. Even though LB500 did not pass, through some aggressive efforts on the city of LaVista, Cabela's has sited in Sarpy County, opened, and from what I hear, going strong. But during the discussions on the original LB500, we were made aware of other potential opportunities not only in Sarpy County, but throughout the state and still think the concept has merit and want to go on record in support. So with that, I'd be willing to take any questions. [LB565 LB697]

SENATOR JANSSEN: Thank you, Fred. Any questions? I don't see any. Any other proponents? Okay. [LB565 LB697]

CAROL EBDON: Good afternoon. My name is Carol Ebdon, E-b-d-o-n. I'm the finance director for the city of Omaha speaking in support of LB697 and LB565. We generally support the concept behind these bills because cities have, as you know, limited ability to assist with economic development beyond TIF. This would provide an additional mechanism for local governments to encourage development incentives. We do have one concern with the bills. We do want to make sure that any bill would insure that any local jurisdiction could not adopt a project that would take revenues away from another local jurisdiction without the approval of that entity. And aside from that, we're in support of these concepts and these bills. Thank you. [LB565 LB697]

SENATOR JANSSEN: Okay. Questions? Seeing none, thank you, Carol. Any other proponents? [LB565 LB697]

LYNN REX: Senator Janssen, members of the committee, my name is Lynn Rex, R-e-x, representing the League of Nebraska Municipalities. Thank you for the opportunity to appear this afternoon. We strongly support both bills. We also have the same caveat

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though as indicated by the finance officers for both Lincoln and Omaha. And that is that we would want to have city council approval or village board approval before any local sales tax dollars could be used for these projects. We think these are great concepts and we encourage the committee to advance the bills with that proviso. Thank you very much and I'd be happy to respond to any questions that you might have. [LB565 LB697]

SENATOR JANSSEN: There's only three of us left and I don't think we're going to ask any questions, Lynn. (Laughter) [LB565 LB697]

LYNN REX: Thank you, Senator. [LB565 LB697]

SENATOR JANSSEN: Thank you. [LB565 LB697]

JACK CHELOHA: (Exhibits 6 and 7) Good afternoon, Senator Janssen, members of the Revenue Committee. My name is Jack Cheloha. The last name is spelled C-h-e-l-o-h-a. I'm the registered lobbyist for the city of Omaha. I'm testifying in support of both bills, LB565 and LB697. I'm asking the page to hand out a resolution passed unanimously by the Omaha City Council and signed by Mayor Fahey in support of these types of bills, and then also a letter of support from the Greater Omaha Chamber of Commerce in support of both these bills. I think I'm the last witness as a proponent. I just wanted to summarize and see if anything was missed in terms of what was covered. We see this as like the Nebraska Advantage Act or an economic incentive tool, Senator, and I've heard, you know, many speeches by elected officials relating to tourism and this one actually gives us an opportunity to proactively do something to bring something in that's one of a kind, if you will, a one of a kind attraction. I think we've, through the last two years, have alleviated a lot of the concerns relative to, well, who would get the incentives. We didn't want to go out on the retail end of it and so I think we've taken care of that. In terms of, you know, some of the differences on the bill, there is provisions in LB697 relative to the issuing of bonds, but it's just not as specific or elaborate as LB565. And so depending on the needs of the committee or which one you think is a better way to go, you know, we'd be happy to work with you on that if possible. In terms of how much money do you put into the community partnership, if that's a necessary component to the bills, likewise they're a little bit different in terms of how much you put into them and that's, once again, up to the whim of the committee I think, or what may be politically practical, if you will, if this bill and hopefully it gets out to the floor. We can discuss that. Finally, you know, everybody likes to know well, potentially what are we talking about? We've heard some of the witnesses talk what they had in mind. Some ideas, you know, that also could come about maybe a new baseball stadium similar to Haymarket Park here in Lincoln, but in Omaha or a different community. We've talked about the amusement park. We've heard whispers, or more than whispers, relative to racing facilities. NASCAR is becoming very popular now. Or as Lincoln talked about as well, other convention centers and arenas, things along those lines. And so, just in summary, I think this really gives the Legislature a chance to

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be proactive and to do something positive to promote tourism in our state. With that, will the economic incentives, the taxes and the jobs, etcetera will flow from it and, you know, we'll all be happy. So, Senator, I'll try and answer any questions you might have. [LB565 LB697]

SENATOR JANSSEN: Any questions? Don't see any, Jack. [LB565 LB697]

JACK CHELOHA: All right. [LB565 LB697]

SENATOR JANSSEN: Oh, do you really think that we could support a race track in this state? [LB565 LB697]

JACK CHELOHA: Boy, I don't know. Personally, I don't follow it but maybe there's potential or more on a limited basis if they have...do they have minor league in that? I don't know. (Laughter) [LB565 LB697]

SENATOR JANSSEN: Well, listen. I'm a lot older than you are and I remember there was a little quarter mile dirt track in Arlington, Nebraska back in the fifties... [LB565 LB697]

JACK CHELOHA: Okay, yeah. [LB565 LB697]

SENATOR JANSSEN: ...that you could not get into that place. [LB565 LB697]

JACK CHELOHA: Wow. [LB565 LB697]

SENATOR JANSSEN: It was packed every Sunday evening. [LB565 LB697]

JACK CHELOHA: Man. [LB565 LB697]

SENATOR JANSSEN: Every Sunday evening. [LB565 LB697]

JACK CHELOHA: There we go. [LB565 LB697]

SENATOR JANSSEN: But that was a long time ago. [LB565 LB697]

JACK CHELOHA: Well, it still could be there, Senator. [LB565 LB697]

SENATOR JANSSEN: Could be. Could be. Very popular. [LB565 LB697]

JACK CHELOHA: All right. Thank you very much. [LB565 LB697]

SENATOR JANSSEN: Thank you. Any other proponents? Any opponents? Oh, do we

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have a proponent left? Okay. Any opponents? Anyone in a neutral capacity? Do we have anybody left to close? [LB565 LB697]

SENATOR AVERY: No, I'm waiving. [LB565 LB697]

SENATOR JANSSEN: You're waiving closing. Okay, Senator Nelson, did you want to close? [LB565 LB697]

SENATOR NELSON: Thank you, Senator Janssen. I won't take long here, but I would like to close. I just want to make sure you understand these two bills were developed independently but they're very, very similar. They take a slightly different approach to allocation as to funds between project costs and community partnerships. There isn't any eminent domain involved in either of these bills. It's a matter of assistance to contracting public bodies. So I would just urge the committee to adopt this development act. Either amend one or another of the two bills and use those provisions or alternatives which you think will best serve the interest of the state and the local communities. Thank you very much. [LB565 LB697]

SENATOR JANSSEN: Thank you, Senator. That ends the hearing on LB565 and LB697. Is the Speaker here? [LB565 LB697]

SENATOR CORNETT: Yes, he is. [LB565 LB697]

SENATOR JANSSEN: Mr. Speaker? Senator Flood, welcome to the Revenue Committee. Here to tell us all about LB551. [LB551]

SENATOR FLOOD: Thank you very much, Mr. Chairman. [LB551]

SENATOR JANSSEN: Let's just stand at ease a minute until the people leave. [LB551]

SENATOR FLOOD: Are you borrowing my term from this morning? [LB551]

SENATOR JANSSEN: Yeah, well...otherwise it's too much chaos here. [LB551]

SENATOR FLOOD: Let the record reflect that my bill is less controversial than the prior two. [LB551]

SENATOR LANGEMEIER: Well, we haven't had an opponent yet today. [LB551]

SENATOR JANSSEN: No. No. Are we going to have one now? [LB551]

SENATOR WHITE: I'm sure the Speaker will bring out the best in the crowd. (Laughter) [LB551]

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SENATOR JANSSEN: Okay, Mike, go ahead. [LB551]

SENATOR FLOOD: Good afternoon, Chairman Janssen, members of the Revenue Committee. For the record, my name is Mike Flood, F-I-o-o-d. I'm from Norfolk and I represent District 19 which includes all of Madison County. There are three principal reasons why I introduced LB551: to honor what I believe has been an agreement between the state of Nebraska and the city of Omaha in 1999, to recognize the tremendous benefit the Qwest Center has brought to the state, and to revitalize the fund that can be used by communities other than Omaha to help with their much needed economic development efforts. First I would like to give you my understanding of the agreement summarized by LB382 in 1999. The Legislature proposed that if a convention facility were constructed--and everybody knew at the time that it would be in Omaha--the state would assist by turning back the amount of new state tax revenue generated from the direct impact from spending at the facility, the indirect impact of spending by attendees in the local area, and the induced impact of additional taxes delivered as a result. For example, income tax paid by hotel and restaurant employees. The Qwest Center was built for \$291 million dollars. LB382 anticipated that close to \$75 million would be turned back over the life of the bonds. You will hear in later testimony how September 11, 2001 devastated the convention business nationwide and how rigid interpretations of this new law caused the turnback to be projected between \$16 million and \$21 million dollars, far less than the \$75 million dollar ceiling the Legislature wrote into LB382. LB551 would replace the complex, burdensome formula with a simple one. This bill would return slightly less money to Omaha and the outstate fund than LB1105 in the 2006 session, which this committee advanced last year, but it would be simpler to administrate. Second, I think it is important to recognize what a wonderful attraction the Qwest Center has become for Nebraska. I know folks from my district throughout Madison County and northeast Nebraska, who regularly take bus trips to the Qwest Center, because they bring to the state the top attractions available in the country. If the partnership between the state and the city of Omaha had not been formed in 1999, folks from across Nebraska would be going to places like Minneapolis, Kansas City, Denver, not Omaha. Finally, I believe LB551 is necessary to rebuild the fund used by communities other than Omaha for the help they need to jump start projects that would bring even more out-of-state money into our coffers. Because of 1999's LB382, a total of \$1.1 million in grants have been made to communities like Hastings, Arnold, David City, and others. A number of other communities have also applied for funding, but no funds are available because of the small amount being generated from the current statute. With LB551, the Qwest Center would generate about \$800,000 for local civic, cultural, and convention center financing fund which is administered by the Department of Economic Development. In my community, the city of Norfolk, we are trying to find out how we could use this law to attract families to a community not served by an interstate highway, but the Department of Economic Development is not making grants at this time and will not for several years unless we change the law. The Qwest Center

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has been successful beyond expectations. All Nebraskans should be proud of what has been built there. And it has stimulated tremendous economic activity and the new tax revenue for the state of Nebraska. I believe the Legislature should make the changes needed to the current law, make it less complicated, get back to the commitment we made eight years ago, and help other communities that need assistance. I would urge you to advance LB551 to the floor of the Legislature and I would be happy to answer any questions that you may have. [LB551]

SENATOR JANSSEN: Any questions? Don't see any, Mr. Speaker. [LB551]

SENATOR FLOOD: Thank you. May I be excused? [LB551]

SENATOR JANSSEN: You may be excused. (Laughter) [LB551]

SENATOR FLOOD: I would also ask that I waive closing. [LB551]

SENATOR JANSSEN: All right. Proponents. [LB551]

CAROL EBDON: (Exhibits 8, 9, and 10) Thank you. My name is Carol Ebdon, E-b-d-o-n, finance director for the city of Omaha speaking in support of LB551. I've got copies that are being handed out to you of support from the mayor and city council. There's a copy of the letter signed by all seven city council members for the city of Omaha in support of this legislation, and in addition, a copy of the resolution that was approved by city council unanimously and signed by the mayor. This is the city of Omaha's highest priority in this legislative session. It's extremely important to the city. Senator Flood very nicely explained the original statute so I won't spend much time going over that. It was originally intended to help finance facilities by turning back the new state tax dollars generated. And there were, again, three components to that: the direct spending at the facility, the indirect spending by the attendees who were going to go to restaurants and stay at hotels, and the induced impact of that activity, people being employed by those hotels and restaurants, earning income taxes and paying those to the state, etc. To date, we've received about \$3.8 million in total in attributed revenue. Seventy percent of that has gone to the city of Omaha, about \$2.7 million of that. Almost \$2 million was for construction of the facility. The other \$700,000 was for operations in the first two years. The other 30 percent, \$1.1 million, has gone into this for other outstate cities, the pot administered by the Department of Economic Development. Turnback was an important component in the original financing plan of the Qwest Center facility. We originally anticipated \$75 million. That's what we put in our bond documents that we expected over the life of the bonds from this source. At the current rate, we expect that it will be somewhere in the vicinity of actually coming in at \$16 million to \$21 million. So substantially less than was anticipated, which will increase the burden on the property taxpayers. Talk a little bit about the restrictions in the statute. First of all, when the facility was built the anticipation was that the convention center

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side would generate much of the revenue and bring in the out-of-state component of visitors. We didn't expect the arena side to be that successful and to bring in as many "out-of-staters" as it has. And in fact, that's what happened. I'm sure all of you know, the arena has been extremely successful. And Roger Dixon is going to follow me and speak a lot more about what's been going on there. But under the current formula, arena events are not eligible for assistance at all. So all the major concerts we've had, the NCAA events that have been held and will be held, the Olympic swim trials, none of those are eligible for assistance even though they're going to bring in tremendous activity to the state that would not have otherwise occurred. In addition, there's an investment multiplier in the formula that's capped at two. The only other facility that we know of that had legislation like this in Arkansas had an investment multiplier, I believe, of four. So that's pretty low. There's a limit on out-of-state attendees. We can count conventions if they have out-of-state attendees, fifty percent or more of the total attendees at the convention. So, of course, it's limited, the number we get to count. And in addition, because of some language about audits in the current statute it's pretty burdensome on the meeting planners. We're the only facility in the country that we're aware of that has to require meeting planners to supply lists of attendees at the event. They don't like it. They resist it. Some of them have refused, especially in this day and age where there are issues of confidentiality and privacy. The attorneys for some of these meeting events are very concerned about it. To give you some sense of the disparity between the activity at the facility and the amount of revenue that's come back or been turned back, of about a million attendees at the Qwest Center in fiscal year '05, we were only able to get assistance for 9,000 of those--less than 1 percent. So it's a substantial amount happening at that facility that we're not able to capture in the turnback currently. In addition, the direct state sales tax paid alone by the Qwest Center in that year was about \$1.4 million. And again, we only received the total attributed revenue in that period was \$642,000. So the sales tax paid by the facility alone was almost three times more than the total amount attributed by the current formula. LB551 would basically simplify the statute. It would, instead of having this complicated formula, we would simply receive the total amount of attributed revenue would be the amount of direct sales tax paid essentially by MECA who runs the facility and the Hilton Omaha which is attached to the facility. We think that that would be about \$2.5 million a year in total, which would be an increase of about \$1.8 million over what we're getting now. Omaha would get about \$1.7 million of that total and the other cities would have--in that pot that's administered by the Department of Economic Development--would get about \$750,000 a year. This is not an exact measure by any means of the new state taxes generated. However, we think that it's much better proxy than the current formula is to reflect the actual amount of new state taxes being generated by the facility. There's no dispute that the Qwest Center has created substantial economic activity and we're simply looking for a way to capture that as was intended in the original legislation. We appreciate the efforts of Senator Flood and Senator Ashford and we would appreciate the support of the committee. And I'd be happy to answer any questions. [LB551]

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SENATOR JANSSEN: Any questions? Seeing none, thank you, Carol. [LB551]

CAROL EBDON: Thank you. [LB551]

SENATOR JANSSEN: We'll take proponents. [LB551]

ROGER DIXON: (Exhibits 11 and 12) Good afternoon, Senators. Roger Dixon, D-i-x-o-n, president and CEO of Qwest Center, Omaha, and we're in favor of LB551. And with me today I have brought letters of recommendation from both the Greater Omaha Chamber of Commerce and the Lincoln Chamber of Commerce. I thought what I would do is share with you some facts about the Qwest Center, where we have come in the past four years. Recognition, Qwest Center was honored as the best convention center for 2006 by the national trade magazine, Meetings MidAmerica. We were nominated for best new major arena by trade publication, Pollstar in 2005 and also best new major arena by the International Entertainment and Business Association in 2006. Rankings for the amount of tickets that we have sold at the Qwest Center Arena in 2004--and this was compiled by, again, Pollstar, a trade publication--in 2004, we ranked 12th in the United States in the amount of tickets sold and 17th in the world. In 2005, again, we ranked 12th in the country and 20th in the world. And last year, 2006, we dropped to 21st in the United States and 33rd in the world. The reason for the drop, we were closed for four months in the arena. So out of eight months we still ranked very well. Some of the expectations for the convention center as we move forward, right now we're averaging about 14-15 citywide conventions a year. A citywide convention, in our definition, is an association that comes in and books more than 1,500 room nights. And so as we move forward our goal is to keep pushing this up. Occupancy rates since our opening have continued to increase each year from anywhere from 6-7, and this past year 15 percent over the previous year. So the impact that Qwest Center Omaha is making on the community and the state is very evident. Some of the conventions that we book is Berkshire Hathaway shareholders. They have grown to over 20,000. Previously they were at the Civic Auditorium. If not for Qwest Center, this convention very likely would have moved to another locale. John Deere and Company just held last summer a national convention, attracted 4,500 people, loved Omaha and the state, came back. We want them to come back. The 2005 Pheasants Forever attracted 30,000 people. Girls, Inc., a local entity, brought in two different speakers--Senator Barack Obama, and then just recently President Bill Clinton who set the record for meals served at our facility at 2,800. In 2005, Railway Systems Suppliers, Inc. brought in over 3,200 delegates. Again, returning in 2010. And then 2006, the American Volleyball Coaches Association convention drew in 1,800 delegates, and again, they're coming back in 2008. Some of the sporting events we've held, the Big 12 wrestling tournament, the NCAA regional volleyball tournament, which was held in '05. Two days attracted almost 28,000 people and set a record. In that year the regional outsold the championship that was held in San Antonio. Followed by the NCAA women's championship volleyball this past December. Again, set another record at over 32,000

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people. And we were able to attract this function back again for 2008. Right now, this weekend we have both the NSAA wrestling tournament and the president's volleyball tournament coming in. And so there will be approximately 30,000 people that will go through the door for those two functions, not to mention Saturday night we change from wrestling and go into Creighton basketball for the bracket buster. Plus, we will have Sunday night finishing up the weekend, we'll have a concert with John Mayer. So there will be a number of people that will come through. And most of these events that we've mentioned here would not be in our state in Omaha if not for the convention center. And I think you know some of the performers we've had here--Rolling Stones, Paul McCartney, U2, Dave Matthews, George Strait, Billy Joel, and Eric Clapton to name a few--and then let's not forget about USA swimming that will be coming our way in 2008 as well. Thank you, gentlemen, and I'd be happy to answer any questions. [LB551]

SENATOR JANSSEN: Any questions for Mr. Dixon? Seeing none, thank you. [LB551]

ROGER DIXON: Thank you. [LB551]

VICKI GILPIN: Good afternoon. Thank you, Senator Janssen. My name is Vicki Gilpin, G-i-l-p-i-n. I'm a registered lobbyist for the Nebraska Association of Convention and Visitors Bureau. My goal here is to explain the components of the local civic, cultural, and convention center financing fund. The purpose is to support the development of civic, cultural, and convention center throughout Nebraska to support projects that attract new civic, culture, and convention activities to Nebraska from outside of Nebraska. The means of support are grants of assistance to municipalities from the local civic, cultural, and convention center financing fund that is administered by the Nebraska Department of Economic Development. Eligible applicants for the grant assistance are their local Nebraska municipalities except for Omaha. Criteria for prioritizing an evaluation of the applications are as follows: 1) the attraction impact, 2) the social economic impact, 3) financial support, and 4) the readiness to being construction. The match of this grant request is 50 percent of the total cost of the construction or renovation or expansions. A minimum application request must be \$20,000. Maximum is from \$100,000-\$1 million depending on their population. Last year, around 2005, currently standing are 14 communities who have applied and have not been funded because there's not enough funding at this time. Those communities are right now a community service center from North Platte, an auditorium for Winside, a community center for Curtis, an community hall for Davey, a town hall for Phillips, a public library for Sidney, a museum for Tobias, a mammoth park for Campbell, an auditorium for Seneca, an auditorium for Carroll, public library for Atkinson, community building for Adams, a public library for Randolph, a city auditorium for Humboldt. So you can see that a lot of rural areas are not being funded which was the intent of this statute several years ago. Thank you. [LB551]

SENATOR JANSSEN: Any questions? Seeing none, thank you, Vicki, for being here

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today. Next proponent. [LB551]

KALEENA REEVES: Good afternoon, Chairman Janssen and members of the Revenue Committee. My name is Kaleena Reeves and I'm the director of the Adams County Convention and Visitors Bureau. I appreciate the opportunity to be here today. In 2005, my community benefitted from a grant provided through the local civic, cultural, and convention center financing fund. We were awarded \$125,000 to renovate 3,300 square feet of the Hastings Museum. This investment will allow us to bring a new exhibit to our area and will provide matching funds for us to secure additional grant monies to conserve exhibit items. Annually, we welcome approximately 85,000 visitors to our museum and we estimate about 35 percent of those come from areas outside of the state. With the dollars provided through this funding source we will be able to expand our existing museum and design a new attraction which will allure more visitors to our area. By bringing new visitors to our city, we estimate an added economic impact to be at a minimum of \$800,000 a year, which means for every \$1 invested in this fund we anticipate over seven times return in one year. As an active member of the Nebraska Travel Association and the Nebraska Association of Convention and Visitors Bureaus, I frequently talk with people across the state. When I speak of the benefits our community has received from this grant program I find others who would like to benefit also. There are many worthy civic and tourism concepts throughout our state that could grow if this grant program was continually funded. Tourism is a vital economic development tool, and with your help additional attractions and communities across the state will see the positive effects this fund can have on the vitality of their communities. I appreciate your time. [LB551]

SENATOR JANSSEN: Any questions? Adams, Nebraska. I need to ask you a question or two. [LB551]

KALEENA REEVES: Oh, okay. I'm sorry. Adams County is who I'm with. [LB551]

SENATOR JANSSEN: Adams County? [LB551]

KALEENA REEVES: Um-hum. [LB551]

SENATOR JANSSEN: All right. The facility that was helped was what? [LB551]

KALEENA REEVES: The Hastings Museum of Natural and Cultural History. [LB551]

SENATOR JANSSEN: Okay. And what town is that in? [LB551]

KALEENA REEVES That's in Hastings. [LB551]

SENATOR JANSSEN: In Hastings. [LB551]

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KALEENA REEVES: Um-hum. [LB551]

SENATOR JANSSEN: Okay. All right. And how many dollars did you get? [LB551]

KALEENA REEVES: We got \$120,000. [LB551]

SENATOR JANSSEN: \$120,000, okay. That's all I have. [LB551]

KALEENA REEVES: Okay. [LB551]

SENATOR JANSSEN: Thank you. Go right ahead. [LB551]

DON HERZ: Senator Janssen, members of the committee, again, Don Herz, last name is spelled H-e-r-z. I'm the finance director for the city of Lincoln and testifying in favor of LB551. I will be, again, very brief. The city is in support of the bill because it also provides an opportunity for assisting in the arena project which we've discussed and I won't go into that. It appears that the changes to the convention center facility financing system act that is being proposed by Senators Flood and Ashford now will result in Lincoln becoming eligible to secure funding under this act as opposed to the turnback, the 30 percent. So we're interested in this bill. We are at an early stage in our financial analysis and consequently we have not determined the full impact. Be glad to answer any questions. [LB551]

SENATOR JANSSEN: Any questions? Senator White. [LB551]

SENATOR WHITE: On your proposal earlier today I think you indicated approximately \$840,000 will be received from Qwest. Is that what you're referring to? [LB551]

DON HERZ: I don't know that I had indicated \$840,000 coming back from Qwest. [LB551]

SENATOR WHITE: Okay, thank you. [LB551]

DON HERZ: That may have been someone else. [LB551]

SENATOR JANSSEN: Okay. Any other questions? Seeing none, thank you, Don. Next proponent. [LB551]

DEB SKINNER: Senator Janssen and members of the Revenue Committee, thank you for this opportunity to speak in support of LB551. Can you hear me? [LB551]

SENATOR JANSSEN: Oh yes. You bet. [LB551]

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DEB SKINNER: My name is Deb Skinner, D-e-b S-k-i-n-n-e-r, and I'm here on behalf of NETA, the Nebraska Travel Association. NETA represents the interests of 60 counties in Nebraska who collect lodging tax. Our members are attractions, lodging facilities, restaurants, and other tourist serving businesses across the state. These members contribute to the \$3.2 billion to the Nebraska tourism industry. In today's market, multipurpose facilities are the norm and those facilities, having the highest usage, are those which are adaptable to different market segments. This type of facility in Omaha puts us in a very competitive playing field with other metro areas across the nation who are now benefitting from increased economic impact. An arena can be used for many activities that bring in visitors from outside the local area for regional or multistate events, national multiday sporting events, travel shows, and concerts. The attendees spend money in our local economies on lodging, restaurants, shopping, and entertainment. And in addition, generate new sales and lodging tax for the state of Nebraska. When there's a big event going on at the Qwest Center in Omaha our downtown is just riveting with people having fun and spending lots of money. By including sporting arenas as eligible facilities under this bill, it will only encourage bigger and better regional, national, and international events that will draw people to the state of Nebraska and raise more sales and lodging taxes. Secondly, this bill will increase the amount of the revenue in the local civic, cultural, and convention center financing fund and enable additional statewide grants that can be used to attract new business. This is a win-win situation for so many entities--for the state, municipalities, counties, tourism, businesses, and for facility development. The financing available through the convention center facility--we need an acronym for that, don't we--assistance act will provide a greater return on the investment. So in closing, we think of bill LB551 as continued investment in the future of the state of Nebraska with the ability to generate new revenue for our state. Thank you for this opportunity to speak to you this afternoon and we encourage you to pass LB551. [LB551]

SENATOR JANSSEN: Thank you, Deb. That was very good testimony. [LB551]

DEB SKINNER: Thank you. [LB551]

SENATOR JANSSEN: Any questions? Thank you. [LB551]

DEB SKINNER: May I add one more thing? [LB551]

SENATOR JANSSEN: Sure. [LB551]

DEB SKINNER: We hope that you plan to join us next Thursday for NETA's legislative reception, and we'd be happy to answer any other questions that you might have at that time. [LB551]

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SENATOR JANSSEN: All right. [LB551]

DEB SKINNER: Thanks. [LB551]

SENATOR JANSSEN: Next proponent. [LB551]

LYNN REX: (Exhibits 13 and 14) Senator Janssen, members of the committee, my name is Lynn Rex, R-e-x, representing the League of Nebraska Municipalities and we do strongly support this measure. If the page would come forward, please. I'd like to hand out to you the 2006 convention report, the local civic center and cultural center report. You'll note if you, when you get a chance to look at this, I'm going to refer you to table 1. You're also getting copy of the single sheet of the number of requests that are pending. They have not been able to fund these because of lack of funds. We think this bill is a great funding mechanism not only for the Qwest Center, the arena, but all municipalities across the state and those that are looking toward funding these types of facilities. You'll also note, as you review, the types of facilities that have already been funded. That it goes all over from dealing with museums to convention centers. Just some great projects across the state of Nebraska. But there are at least 14 others on this list that are pending that have not been funded due to lack of funds. DED tells us that there's roughly 220-some thousand dollars there now. They're suspending any other funding proposals until they get that up to \$500,000. So the single sheet are the total list of projects. And if you go down, if you're looking at the single sheet, they've been funded through the community hall, Maywood, but I would also reference that you look to page--on the report itself--table 1, which is, oh gosh, about page 4, and I'm referring to the 2006 annual report on grants conditionally approved for funding by the Legislature of the local civic, cultural, and convention center financing fund. And you'll note that this is the amount that they've actually granted to these entities. As diverse as the Heartland Event Center in Grand Island for \$500,000 down to the community hall in Maywood for \$40,765, and I'm not going to read the rest. You can read those. But I'd be happy to respond to any questions you have. We think this is a great bill and these corrections need to occur and it's long overdue. I'd be happy to respond to questions. [LB551]

SENATOR JANSSEN: Questions? Seeing none, thank you. [LB551]

LYNN REX: Thank you, Senator. [LB551]

SENATOR JANSSEN: Any other proponents? Any other proponents? Any opponents? Anyone in a neutral capacity? That ends the hearing and Senator Flood waived closing so that will take care of LB551. Senator Nantkes, is she here? There she is. LB235. [LB551]

SENATOR NANTKES: (Exhibits 15, 16, and 17) Good afternoon, Mr. Chair, members of

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the Revenue Committee. My name is Danielle Nantkes, spelled N-a-n-t-k-e-s, for the record. I represent the 46th Legislative District and I'm here today to introduce LB235. I introduced LB235 because I believe that this program will make our overall economic development tools more comprehensive and will help to celebrate and showcase the inherent natural beauty of Nebraska's landscape. I also believe it is vital that we attract and retain the creative class and stop brain drain from our state. LB235 is based on a law passed in Oklahoma which has been very successful in attracting the film and music business to that state. In fact, since similar incentives were passed in Oklahoma, that state has seen an increase of \$11 million in production the first year in 2005. And last year, in 2006, an increase of \$18.9 million. Last year, in Nebraska, approximately \$1.5 million was realized from the film production industry. Oklahoma has also seen companies use the sales tax exemption and they're going back to see if they can get increased funding because of the successful nature of their initial program. What LB235 would offer is the following. It would create the Nebraska film and music office within the Nebraska Game and Parks Commission. It would provide a rebate of up to 15 percent of Nebraska production expenditures to companies filming in the state with an overall cap of \$5 million a year. A company must have a minimum budget of \$2 million and spend \$1.25 million in Nebraska. The minimum budget requirement is cumulative so that companies producing multiple projects in a fiscal year with a minimum budget of \$300,000 and totaling at least \$2 million would qualify. Another exciting aspect of this proposal is a company must employ Nebraska residents for at least 50 percent of its below the line crew to qualify for the full 15 percent rebate. Rebates of 5 percent are available if the company employs up to 24 percent of Nebraskans and 10 percent for companies who employ 25-49 percent of Nebraskans on the total project. If the budget is \$30 million or higher, this requirement is waived. The rebate fund may include any public or private donations. Contributions and gifts received for the benefit of the fund can help to promote this fund. A company is required to apply for and be granted a no-cost filming permit by the Nebraska film and music office. Another key component of this proposal provides a tax credit for construction of Nebraska film and music facilities ranging from 10 percent on a minimum \$500,000 construction project to 25 percent for projects that invest over \$1 million. Another important component is that it provides a 25 percent tax credit on profits to state taxpayers who invest in film and music projects produced in Nebraska. Those profits are reinvested in another film or music production produced within Nebraska. I've been asked many times why we are housing this in the Game and Parks Commission. And if you look at Section 3 of your bill, which allows a revolving fund that can accept private donations to fund this program, that is why. Simply because we felt that having a legal structure already in place with the Game and Parks Foundation would be an easy mechanism to help administer this program. There are supporters following me that will tell their personal stories and have considerable expertise in the film and music industry. And so I would defer some specific questions to them. I believe overall that this bill is important and that we need to level the playing field and be more competitive with other states who have seen the importance in attracting this industry within their borders. Therefore, I urge your support of this

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measure and I'd be happy to answer any questions. [LB235]

SENATOR JANSSEN: Questions? Seeing none. [LB235]

SENATOR NANTKES: Thank you. [LB235]

SENATOR JANSSEN: Thank you. [LB235]

SENATOR NANTKES: Oh, also for the record, I did have the page pass around a letter for a proponent who could not join us here today. Thank you. [LB235]

SENATOR JANSSEN: Proponents, please. [LB235]

MARK HOEGER: (Exhibit 18) Hello, my name is Mark Hoeger, H-o-e-g-e-r. I am co-president of Oberon Entertainment. We are a film production company located in Omaha, Nebraska. Day in and day out we're concerned primarily with making commercials and corporate image films and so on, but we also get involved with the entertainment industry. In fact, I'm leaving tomorrow to go to New York to work on a deal to turn a Broadway play into a motion picture. We helped invest in that play and are owners of it. We're also going out to L.A. in several weeks to work on another large project. But I will tell you that both of those projects will most likely not be shot in Nebraska, because in fact, it is essential anymore to shoot in a location that has incentives. There's a lot of hype, of course, in Hollywood about the big winners and big box office and so on, but the fact of the matter is that four out of five movies that are made are lucky if they break even. You count on the one that's a hit to sort of make up for the losses you've suffered in other areas. The one thing that makes it attractive for investors is leveraging. That you can take a small amount of money and through various multipliers end up being able to get the funding for the entire film. And in almost every offering document for any investor in the film industry today incentives are an essential part of that business plan, because it means that there is somewhere between 10-20 percent of the film that is going to be financed by somebody else. And so the bottom line is if we do not have those things in place films are not going to be shot in Nebraska or very, very rarely will be unless there's a specific location demand. And basically I'm going to set the outline and then other people are going to speak more specifically about the benefit to the state. They fall into four basic categories. First is the direct economic impact. We're passing around here some notes from a local production coordinator who knows the things of, you know, lumber yards that sold lumber to About Schmidt, beauty salons, caterers. That's the direct impact of when a film comes to town. Beyond that, one of the biggest ones--and we were talking about this, too--is tourism, because films become a huge means of promoting a location. There's been talk that New Zealand has made more money off tourists that have come to New Zealand as a result of The Lord of the Rings series than the filmmakers made off of the film itself. The third issue that becomes very important is just the image of the state. You know, when

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films are being made, when entertainment comes out of a state then there's just a better sense that oh, we know that state. We know what they are, where they have an identity. And just in terms of the final issue is retention of young labor. When you're in a place where movies are taking place people feel like oh, I'm in a cool place. I'm not on the back water. I'm someplace that the world sees and has access to. So these are the overall arguments that have made over 30 states now adopt these kinds of incentives and it's simply a matter of...I mean, we will be fine as a business. We could go to Oklahoma to shoot our movie and we'll be fine. But it's a question of whether Nebraska wants to be part of that community. So any questions at this point? [LB235]

SENATOR JANSSEN: Questions? I don't see any, Mark. Thank you. [LB235]

MARK HOEGER: Thank you very much. [LB235]

SENATOR JANSSEN: Next proponent. [LB235]

KATHY ROCCO: Hello, my name is Kathy Rocco, R-o-c-c-o, and I am with the Omaha Film Commission in Omaha. Presently, we have two film commissioners in place. One is in Lincoln and then myself in Omaha. Each year we go to Los Angeles to attend the locations expo which is the trade show that is for producers, production designers, location managers, those people in the film industry that would like to talk to representatives from each state to talk about bringing their project to various locations. And the question that we are now asked every single time is what are your incentives? And it's become very, very difficult to be able to attend these trade shows without being able to tell them what type of incentives we have in place. In having incentives, we don't have to come up with anything. We just need to be able to give back a little bit of what they bring in. And I guess that's mostly the point that I wanted to make is that to be able to put incentives in place, we don't have to come up with any money. We have two film commissioners in place and so that's just something I would like you to consider. [LB235]

SENATOR JANSSEN: Any questions? Senator White. [LB235]

SENATOR WHITE: Yes, ma'am. Does Nebraska have the contacts in the industry to have a realistic chance of attracting significant investment in our area for filming? [LB235]

KATHY ROCCO: Oh, I think so. Obviously, we don't compete with New York. We don't compete with Los Angeles. But we do compete in the Midwest. We compete with Oklahoma, Iowa, Kansas for those locations that are looking for any places of rural, small cities. They're looking for places that they can film that they think are economically feasible that they can save money. And this is where it is our advantage, because our hotels and our community is very film-friendly and they do work with production

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companies to provide very competitive rates for any type of filming that takes place. So I really think so. [LB235]

SENATOR WHITE: Thank you. [LB235]

SENATOR JANSSEN: Any other questions? Seeing none, thank you, Kathy, for being here. [LB235]

KATHY ROCCO: Thank you. [LB235]

SENATOR JANSSEN: Next proponent. [LB235]

SANDY VENEZIANO: (Exhibit 19) Good afternoon. My name is Sandy Veneziano, V-e-n-e-z-i-a-n-o. I am a designer in the motion picture industry. Born and raised in Nebraska. Been working in Los Angeles for over 27 years. I now live here in Lincoln, Nebraska. I teach in between my films at the university. I teach film design. I've done films such as Star Trek, Father of the Bride, Home Alone, major motion pictures. Terms of Endearment I got to come home to do. I'm very much in favor of this proposal, LB235, simply because being in the room with the filmmakers, the people that make the decisions as to where they're going to go and shoot, I'm part of that decision-making process. And the nature of the business right now is bottom line--incentives. Which state has the best incentives? I don't care what it looks like. Who is going to help us? With that, they will proceed to go to that state. I love living in Lincoln, Nebraska. I love being in Nebraska. So I selfishly am saying for the state of Nebraska to bring in these incentives. Thirty million dollars was dropped in the state of Louisiana last year alone because 36 feature films shot there, because Louisiana now has some of the top tax incentives in the country. That's basically short and sweet all I have to say. Any questions, sir? [LB235]

SENATOR JANSSEN: All right, Sandy. Thank you. Any questions? Seeing none, thank you for being here. [LB235]

SANDY VENEZIANO: Thank you. [LB235]

JIM SHEARD: Good afternoon. I'm Jim Sheard, S-h-e-a-r-d. I represent the Change to Win Coalition of unions in Nebraska as well as I'm the principal officer of the Teamsters here in Nebraska. I'd like to voice labor support for LB235. And as one that has negotiated with production companies when movies have come to Nebraska, I can tell you that I think I concur with some of the other speakers that the production companies and the movies would like to film here. And if you remember a few years back, back I think about 10 or 12 years ago, they shot one up here in Loma, Nebraska with Patrick Swayze and Wesley Snipes. And they housed all the people here in Lincoln. Our Teamster drivers shuttled those movie stars and crews and so on up to Loma every day

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and every night. But you're not just talking about the time of filming a movie, too, in the movie business. In that case, we had people working prior to those cameras ever rolling, rebuilding the town, transporting goods and so on back and forth, and there's a lot to a movie that prior to and afterwards to do that. And I think production companies are willing to...they pay good wages, they want quality employees, and here in Nebraska we have good work ethics and good workers to supply the production companies, because on those movies time is money. And these movies will run from a few weeks to several months, but the benefits of these rebates, I think, will just provide and generate a lot more than what any cost would be. So I think it's a win-win for the state and Nebraska workers also. With that, I'd answer any questions. [LB235]

SENATOR JANSSEN: Any questions? Thank you, Jim. [LB235]

DON HERZ: One more time, Senator Janssen. [LB235]

SENATOR JANSSEN: Sure. Good to have you. [LB235]

DON HERZ: My name is Don Herz, finance director for the city of Lincoln. The last name is spelled H-e-r-z. The city of Lincoln has recently begun more intensive efforts to promote the city as a place to attract the film industry through our home website and through our economic development staff. We concur that this bill would encourage more filming in Lincoln and Nebraska and the result would be more economic activity, which I think we would all agree would benefit the state of Nebraska. Any questions? [LB235]

SENATOR JANSSEN: Any questions? Seeing none, thank you for being here again. Next proponent. [LB235]

DANA MARKEL: Good afternoon. I'm Dana Markel, M-a-r-k-e-l, and I'm the executive director of the Omaha Convention and Visitors Bureau, but today I'm here representing my tourism colleagues across the state as the legislative chair for the Nebraska Association of Convention and Visitors Bureaus. You have heard that Nebraska ranks 48th in the country in dollars available to promote tourism. By encouraging and competing for film productions in our state, it provides our tourism marketers a new partner in promoting the beauty and adventure of our state, which in turn, builds awareness for tourism. Tourism is economic development and film brings in workers who quite honestly we consider tourists. As mentioned prior, they stay anywhere from 60 days to three months. And they stay in hotels and eat in our restaurants. Film tourism benefits continue beyond the production itself. You are well aware of many national film projects that have boosted tourism production after the film has concluded. The Field of Dreams in Dyersville, Iowa brings in 65,000 visitors a year. In fact, a hotel was built to accommodate these visitors. Officials in Kansas estimate the film Dances with Wolves increased their new tourism by 400 percent the year after the film was released. Now Kathy Rocco previously stated that Iowa and Kansas are two states that

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we truly compete with for these films. In the mid-eighties, the popular television series, Dallas, added an additional \$10 million a year to the region's economy, and during the filming it attracted 500,000 visitors a year. I lived in Dallas at that time. I was in tourism and promotion and I can attest it opened many doors for us. In our Omaha film office, just within the last 12 months, we have had nine major film production offices call us interested in filming in Omaha. I will say two of those represented...one represented a film starring George Clooney, the upcoming George Clooney film, and another was a Tom Hanks film. All of those films, the discussion ceased when we mentioned we had no film incentives. Film production brings opportunity. It enhances tourist destinations via the screen to an international audience, something that we really don't have the ability to do now, nor do we have the funds. It creates tourist icons based on film location. Think of The Bridges of Madison County, once again, in Iowa. The still brings in thousands of tourists and it promotes and highlights the diversity of a region and our historic location. A feature film, a made for TV movie, or a mini-series would provide our state the marketing exposure that our budget simply cannot afford. The Nebraska Association of Convention and Visitor Bureaus urge you to advance this important tourism bill. Thank you for your time and I'm happy to answer any questions you may have. [LB235]

SENATOR JANSSEN: Any questions? Senator Preister. [LB235]

SENATOR PREISTER: I'm curious. With the kinds of budgets that some of the major pictures have and the investors that provide that money, and it amazes me how many millions of dollars they take in on a weekend for showing these movies, with those kinds of dollars how does this, which seems fairly small in comparison to those numbers, how does this make the difference? How does this incent them enough that they're going to come to Nebraska versus someplace else? [LB235]

DANA MARKEL: A professional who works in the film industry can probably answer that question better, but having some limited experience with productions, I do know that there's an established budget set for the filming. And then of course the profit goes to an entirely different entity than the production crew or the production organization. [LB235]

SENATOR PREISTER: Sure. Okay, thank you. [LB235]

SENATOR JANSSEN: Any other questions? Seeing none, thank you, Dana. Next proponent. [LB235]

KERRY KNIGHT: (Exhibit 20) Good afternoon. My name is Kerry Knight, K-n-i-g-h-t. I first learned of the changes that were happening in the film industry through an article in the L.A. Times that is in the packet of information I'm handing out. A few years ago I read about how they had film incentives in Louisiana and New Mexico and how the face of making films was changing and America was becoming a new backlot. I looked

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around Nebraska at the time and thought why isn't this happening in Nebraska? Why don't we have film incentives? Because we have very well-known work ethic in the country. We have affordable cost of living. We have cities, small towns, farms, almost any location you need we have right here. So I thought why not Nebraska? Most states have tax incentives or they're working on them and no state who has enacted a tax incentive has said we made a huge mistake. All you see is success after success. Even if it's small it's still success and no state has said I wish we wouldn't have ever done that. As a few examples just to go through, I gave you a sheet there, but just to run through some of those. The North Carolina film and TV production revenue increased and accounted for 22,000 jobs according to the Department of Commerce. Illinois saw their revenues go up 260 percent the year after they enacted their tax incentives. Oregon, just recently had some major incentives and saw their revenues go to \$985 million, which created \$46 million in revenue to the state. The first year that Oklahoma, who this bill is modeled after, saw \$11 million in revenue and \$18.9 million this last fiscal year. Nebraska had \$1.5 million. Louisiana Department of Economic Development reported that 22 jobs are created for every million dollars spent in film production. If this was enacted that would create 440 jobs possibly in Nebraska. It's also a clean source of revenue. You might have a tax incentive to build a plant in a small town, but that might have an environmental impact. Filmmaking has no environmental impact. So it's a very clean industry. Let me see. Okay, so just focusing on the states that surround us. Again, we need to focus on who's our competition. We're not competing with California, even New Mexico. We're competing with Iowa, Kansas, Colorado, Missouri, and the Dakotas for the most part. South Dakota offers only a sales tax rebate which amounts to about 4 percent. Missouri offers a tax credit, but they are capped at \$1 million. So very few films will come there because there's not enough money. Colorado has the same issue with tax credits. Very small amount available. Iowa does not have current legislation. They are working on it. Kansas does not have legislation. They are working on it. We have a great opportunity right now to jump ahead of our competition and create a competitive edge for our state. This is the time to act. Last year a film came through and met with the film commission office. It was a film they wanted to make in Nebraska, but they filmed it in Canada because of tax incentives. The name of the film was The Good Life. They shot a film about Nebraska, The Good Life in Canada. It's time that we...we can do better than that. We can become competitive at least with those around us. Last year I was in Lee Booksellers and I was overhearing a conversation between two ladies that said her son was very interested in becoming a filmmaker. Oh really? Where's he's going to go to school? New York. You can't do that here. So we're going to continue to see young people leave our state. We're going to continue to see money and revenue leave our state unless we do something. So it's time that we seriously look at this. Again, no state has said they're sorry for doing this. Thank you for your time. [LB235]

SENATOR JANSSEN: Thank you. Any questions? Seeing none. [LB235]

KERRY KNIGHT: Also, real quick to answer your question to the last person. On the

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last page of the L.A. Times article there is a breakdown that shows how much money is saved through tax incentives and even a couple million dollars makes a big difference to those big productions. So if you read that you'll... [LB235]

SENATOR JANSSEN: All right. Next proponent. [LB235]

ANDREW NELSON: Chairman Janssen, Revenue Committee, thank you for allowing us to speak on this bill which has tremendous opportunity for the state of Nebraska and its major cities especially. My name is Andrew Nelson, that is N-e-l-s-o-n. I am owner and executive producer of Castlegate Pictures which is a motion picture company in the city of Omaha. I'm an independent filmmaker and to define that a little bit, a lot of people think of different things when they think of independent films, but I'll tell you for the purposes of this, independent film is a motion picture that is not initially supported financially by a major Hollywood studio. Independent filmmakers must find their own financing. They must find investors. They must find cast, crew, and even the caterers to feed the cast and crew. It is a very expensive industry and initiatives would help immensely for the independent film community. Right now it's developing. In Omaha there are new theaters going up. There are increased numbers of students interested in film at the University of Nebraska-Lincoln. There is a growing interest in film and the program is growing very rapidly. Also Metropolitan Community College was even mentioned in MovieMaker Magazine as one of the top growing schools with a motion picture type of program. And so there is great interest by the citizens of our state in this. I myself, graduated from the University of Nebraska with a history degree and left immediately for Los Angeles where I worked for productions with Dreamworks and with Paramount. And the entire time that I was there I was thinking this can be done back home. This can be done where I'm familiar, where I know the people, where I know people who may support me in this, where it is comfortable, and the place that I love, the place where I grew up in Nebraska. And so I would say these incentives greatly help independent filmmakers which is very important because young people in our state who are interested in film are going to have to start out by being independent and this encourages them. It encourages them to stay. I came back despite the fact there are no incentives because I love this state so much and I know that it can be used for filmmaking. The other advantage to independent filmmakers setting up shop here and being affected by these incentives is it creates a pool of workers. It educates people. You can't stand on a movie set and not learn a little bit about how movies are made. You learn the process, and therefore when the studio films choose our state because of our incentives, they will have workers already here. They won't need to bring as many people from Los Angeles because they will have people here who are ready to do the jobs. To finish up, I'd like to just tell a little story. You've heard a little bit about Louisiana and the incentives that they've passed and how successful that they've been. I want to tell you about a film. You may have heard of it. It's called Ray. It was an independent film initially directed by Taylor Hackford, a native of New Orleans. He tried for years and years to get the studios to back this film, a biographical picture of Ray Charles. Nobody

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was interested. Nobody at all. He had even developed this movie with Ray Charles and nobody was interested. And he finally got sick of it and he decided Louisiana now has incentives. I'm going to try to make this here. The film called for locations in New York, Atlanta, Chicago, and Los Angeles, and he shot the entire thing in New Orleans. And as a result, he was able to spend all of the money on that picture and put it into Louisiana and New Orleans economy. And he got quite a bit back. He got \$3.7 million back. And he says he will be back to film there again and he has told people you have to film in New Orleans, because you will make money back and you will make a successful picture. So in closing, I would urge the committee to approve this bill and so we can get going as soon as possible. Thank you and I will entertain any questions. [LB235]

SENATOR JANSSEN: Any questions? Thank you, Andrew, for being here. Proponents? How many more proponents do we have? [LB235]

JIM CASEY: Two, I believe. [LB235]

SENATOR JANSSEN: Two, okay. [LB235]

SENATOR CORNETT: Three. [LB235]

SENATOR JANSSEN: Three. [LB235]

JIM CASEY: I'll make it short and sweet. Thank you, Senator Janssen, Senators. I appreciate you letting me talk to you for a second. My name is Jim Casey. I've been a professional songwriter since 1966. I'm originally from Norfolk. A lot of entertainment up there. Senator Flood's family, they're in the entertainment business. They're radio people up in Norfolk. I moved to Memphis in 1967 and I worked for different publishing companies. I moved back here a year and a half ago because I love Nebraska, too. That's where...I told them don't bury me in Tennessee. I want to live in Nebraska. I don't have to talk to you about revenue and tax revenue and money coming into the state because you know it's harder and harder and harder to find revenue. As one of our speakers said, the revenue that comes in from movies is clean revenue. It's money. By the time they pop out the little DVD on the other end, hopefully it's going to be a success for them, but very few times it is, but they still spend the millions in between coming to our state and leaving and popping out the little birth of that DVD. And the first thing...and I know from my involvement with the Tennessee--I was on the board that filmed the Nashville Film Commission, I worked with Memphis Film Commission--it's all a form of bribery. You want them to come to our state? We want them to leave their money here and lots of it. And there are so many people in Lincoln that do this kind of work--gaffers, electricians, seamstress, set builders. They're actually already here, but they're working other jobs. My experience is they've been very happy with the people that come to Nebraska and why should we let that money go to other states when it comes here to us? It's really pretty easy money. There's nothing up front that we have to put out. We

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really have some things in place with this bill and it's the incentives that we need you to approve so we can do our bit of getting these...you know, we're as creative here in Nebraska as anyplace. Just because they're from California and they drink with their finger up a little bit like this, we're as cool as they are. So let's get these companies in here. Let's leave the money in the state and encourage people that do that already to stay in this state. I hope you'll approve this bill. Thank you very much. [LB235]

SENATOR JANSSEN: Any questions? Don't see any, thank you, Jim. Next proponent. [LB235]

WALTER RADCLIFFE: Mr. Chairman, members of the committee, my name is Walter Radcliffe, R-a-d-c-l-i-f-f-e. I'm appearing here today in support of LB235 on behalf of the Motion Picture Association of America. Their members are like Disney, Paramount, Sony, Twentieth Century Fox, Universal, and Warner Brothers. I'm just going to touch on about two or three points. A number of years ago there was a bill in like this and I think I testified in favor of it and a lady who was with the film department and that was it. I mean, this is really encouraging the people that you have here. And I don't need to tell this committee, but there's two parts of the bill. One is the incentive part and the other is the commission part. I'd urge you to judge it on the incentive part. And you're giving away a piece of something you don't even have. So from that basis I would urge you to advance it. With regards to the film commission portion, let that be discussed on the floor as far as if it's too big at this point in time, where it should be located. I would underscore the Game and Parks Commission, though. The reason I say that is there was a very capable lady who was the head of a film division before in DED. And very honestly, DED was extremely unsupportive of it, very unsupportive of it, and they aren't deserving to get it back to be very honest with you. Maybe nobody else will tell you that, but I will. So look at the incentive part. Good reason to advance it. Let the commission issue work itself out as far as whether you need three full-time people to start out. I don't know. But there needs to be something there. You're not going to get this kind of production or any kind of production without having these kinds of incentives. I know I asked Korbly this morning to e-mail back and confirm who was in the Motion Picture Association so I could tell you. And they told us and they said now don't tell them we'll be there if they pass this. But we'll tell you what. We won't be there if they don't do something. You've heard that and it is true. We kind of have nothing to lose by doing the incentive part. I think the commission part is something that needs to be worked out and thought through a little bit. I'd be happy to answer any questions. [LB235]

SENATOR JANSSEN: Any questions? [LB235]

WALTER RADCLIFFE: Thank you. [LB235]

SENATOR JANSSEN: You bet, Walt. [LB235]

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JOHN THOMPSON: I'm your final guy here. [LB235]

SENATOR JANSSEN: Okay. [LB235]

JOHN THOMPSON: John Thompson, T-h-o-m-p-s-o-n. [LB235]

SENATOR JANSSEN: John? [LB235]

JOHN THOMPSON: Thompson. [LB235]

SENATOR JANSSEN: John Thompson? [LB235]

JOHN THOMPSON: Um-hum. [LB235]

SENATOR JANSSEN: Okay. [LB235]

JOHN THOMPSON: I think I may give you a little bit different perspective. I'm an outsider. I came from New York City a year ago. And I came originally to do a six month artist in residency and I was taking a sabbatical. I've been in the film and music business for a number of years. I was executive producer of USA network movies. I've been a composer and a songwriter. I know a lot of those old Memphis boys. But my friend, Andy Pollack (phonetic), suggested I come. Unfortunately, he's skiing with his family this week. I just wanted to tell you what you have here. I think you probably know, but you may not know. A lot of these decisions...obviously the incentive part has been highlighted and you understand that that's pretty much a no-brainer if you look at it carefully, but from the other side of the coin you have a tremendous reserve of people here, which it just kind of blew me away when I started meeting some of the artists and some of the talent you have between this Lincoln and Omaha corridor specifically. And it is such an issue with me that I told my friends in New York I'm not coming back. So I actually bought a house here and we're investing in a major world-class recording studio and recording facility, video and so forth, here in Lincoln. And I wouldn't do that had I not a strong belief in this. In my work with USA network, we really worked with a lot of film commissions and we made decisions. A lot of them were incentive based where we would go. We ended up doing a lot of postwork from New York City. We would go to Canada and do it either in Vancouver or Toronto. And they've been very successful with this. And they not only had great incentives, they had great people. And people were a draw too, because when you go somewhere to work you enjoy working with good people, talented people. That's what you have here that I think you need to make that known. And on the other side of the incentives, with the tourism department and the film commission, you need to make known what you have here, because it's a rich bunch of resources you have. And I just look as an outsider. But I'm learning to say you bet at the end of sentences so I'm feeling more like an insider. (Laughter) That's just a quick...any questions? [LB235]

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SENATOR JANSSEN: Questions? You bet. (Laughter) [LB235]

JOHN THOMPSON: Okay. [LB235]

SENATOR JANSSEN: Are there anymore proponents? Any opponents? Anyone in a neutral capacity? [LB235]

NEAL BEDLAN: Thank you, Chairman Janssen and members of the committee. For the record, my name is Neal Bedlan, that's B-e-d-l-a-n, and I'm with the Nebraska Game and Parks Commission. I won't take too much of your time, but our agency provided a budget and fiscal analysis provided for this to administer this program. We're here to answer any questions you may have. And the commission will do the best they can to administer this program as long as the funds are there to do it with. [LB235]

SENATOR JANSSEN: Any questions? Not yet. But we will have some later. That's fine, Neal. Thank you for coming up and testifying for the commission. [LB235]

NEAL BEDLAN: Thank you very much. [LB235]

SENATOR JANSSEN: Appreciate it. Anyone else in a neutral capacity? Seeing none, Senator to close. [LB235]

SENATOR NANTKES: Thank you again, Mr. Chairman and members of the committee, for your time and attention on this important issue. Additionally, I'd like to thank all of the testifiers who took time out of their schedules to come down and visit us on a snowy afternoon. And I thank they provide a lot of interesting insight to the committee and helped develop the record in a positive way. I guess just a few short points that I'd like to reiterate in closing. Number one, I think the time is now for this committee and the full body to consider leveling the playing field on Nebraska's behalf and promoting the film and music industry within Nebraska and drawing it into Nebraska further. I'd be happy to work with committee counsel on making the proposal work more clearly and seamlessly and simply if possible. And to work with Department of Economic Development and Revenue and Game and Parks, affected agencies underneath this proposed legislation. Again, to reiterate we feel that Game and Parks is, in fact, the right place to house this because of the existence of their foundation so that private fundraising can begin to occur immediately and complement the state's contribution to this program if adopted. Furthermore, in discussions with members of the industry, we hear that they frequently turn to Game and Parks employees at this current point in time about when they're thinking about scouting locations since they have such firsthand familiarity with the unique and different aspects of Nebraska's landscape on a statewide basis. And then further, you know, we're also willing to work with the department to see if maybe we start off to try and bring down that fiscal note with maybe one employee to, you know,

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begin things and see how things work out and move forward from there. Overall, again, I think that the economic benefits have been well described. I think that the branding and tourism and excitement benefits have been well-described and I look forward to working with the committee and speaking with you further about these important issues and thank you for your time. [LB235]

SENATOR JANSSEN: All right. Thank you. That ends the hearing on LB235 and ends the hearings for the day... [LB235]

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Disposition of Bills:

LB278 - Indefinitely postponed.
LB443 - Indefinitely postponed.
LB565 - Indefinitely postponed.
LB697 - Indefinitely postponed.
LB551 - Advanced to General File, as amended.
LB235 - Advanced to General File, as amended.

Chairperson

Committee Clerk