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Floor Debate
February 24, 2010

[LB381 LB579 LB719 LB728 LB763 LB772 LB870 LB887 LB915 LB926 LB931 LB933
LB937 LB1048 LB1057 LB1063 LB1106 LR332]

SENATOR LANGEMEIER PRESIDING

SENATOR LANGEMEIER: Good morning, ladies and gentlemen. Welcome to the George W. Norris Legislative Chamber for this, the thirty-second day of the One Hundred First Legislature, Second Session. Our chaplain for today will be Pastor Bob Chitwood from Brownville Christian Church, Brownville, Nebraska, Senator Heidemann's district. Would you all please rise.

PASTOR CHITWOOD: (Prayer offered.)

SENATOR LANGEMEIER: Thank you. I call to order the thirty-second day of the One Hundred First Legislature, Second Session. Senators, please record your presence. (Visitors introduced.) Mr. Clerk, please record.

CLERK: I have a quorum present, Mr. President.

SENATOR LANGEMEIER: Thank you. Are there any corrections for the Journal?

CLERK: I have no corrections, Mr. President.

SENATOR LANGEMEIER: Thank you. Are there any messages, reports, or announcements?

CLERK: Just one item at this time. The General Affairs Committee, chaired by Senator Karpisek, reports LB870 to General File with committee amendments attached. That's all that I have, Mr. President. (Legislative Journal page 631.) [LB870]

SENATOR LANGEMEIER: Thank you, Mr. Clerk. We'll now proceed to the first item on today's agenda, General File 2010 senator priority bills, LB926. [LB926]

CLERK: LB926 is a bill by Senator Rogert. (Read title.) Bill was introduced on January 13, referred to the Transportation and Telecommunications Committee, advanced to General File. There are committee amendments pending. (AM1942, Legislative Journal page 581.) [LB926]

SENATOR LANGEMEIER: Thank you, Mr. Clerk. Senator Rogert, you are recognized to open on LB926. [LB926]

SENATOR ROBERT: Thank you, Mr. President. Good morning, members of the body. I want to take a few seconds here to thank you all for your calls and your e-mails and

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your stop-ins and your concerns. It's going to take more than a truck to keep me away from this job, so I'm back on the agenda for this morning with a couple bills. LB926 is legislation that permits the use of an informational sign panel that advertises for wineries to the traveling public at large and residents in Nebraska on Nebraska roads; more specifically, on the highways. Currently, an informational sign panel that is rectangular in shape is erected with the words gas, food, lodging, or camping that provides directional information including one or more business signs that display a commercial brand, similar trademark, or name designating a motorist service. LB926 would include wineries in the green copy. And if you'll notice, we've got a committee amendment that broadens what we've originally decided to go with. It includes wineries to be promoted to the public with the specific informational sign panel in addition to those for food, lodging, camping in Nebraska. It would be included under specific information to the interest of the traveling public in addition to those things mentioned. The minimum service required to erect a sign such as this for a particular winery would be a farm winery, restroom facility, drinking water to supplement the service. Several states...and concerning the interstate blue signs, several states across the country are initiating what's called the fifth logo program. Currently, there are four logos: camping, lodging, food, and fuel. And this would give a fifth one and we picked wineries for ours. I think the committee amendment is going to take that to attractions. In order to post these signs, the service or activities must be open to the public at least eight hours a day, five days a week. And what we've done for the highway signs, we've changed that to 20 hours a week to accommodate the wineries' hours of business. There's a growing number of wineries in the state and most of them aren't open 40 hours a week. They're open on weekends and maybe on a Friday or a Thursday evening, somewhere in that 20 to 30, and that's what's giving them the hang-up. The revenue received from posting the business signs or informational sign panels are deposited into the Highway Cash Fund. Senator Fischer needs all the money she can get. This is an overview in all the current law, and the only change we made to add wineries to the list is to promote the wine industry in Nebraska. I believe that agritourism is part of the secret to economic development and the savior of rural Nebraska. And the farm wineries that we have created and allowed for in our state are a key to that. We intend to increase tourism for the state of Nebraska by growing both the number of visitors to wineries and the total spending per visitor in Nebraska. In 2008, according to the Nebraska Wine and Grape Growing Industry, 155,000 visitors were estimated to have been to wineries and tasting rooms in Nebraska. The important factor in understanding...this is an important factor in understanding the current and possible yield for spending power result from supporting our farm wineries here in Nebraska as opposed to losing that revenue to farm wineries in Iowa or Kansas or neighboring states. The states that surround Nebraska have a strong farm winery business that allow this kind of signage. It's also good to note that these visitors will spend more money on gasoline and travel expenses, hotel lodging, gifts, wine and food, and other miscellaneous entertainment options that may be available, such as parks and festivals. The average spending per visitor, for example, was almost \$40, which included an on-site, as well as off-site, and the average attracted

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or retained spending per visitor was \$15. Take that times 155,000 visitors in 2008, and you've come up with a \$2.1 million bonus to the Nebraska General Fund. LB926 also seeks to enhance the quality of life in Nebraska by offering more cultural venues for urban and rural areas, as well as economic growth factor, also thereby contributing to the retention of young citizenry in Nebraska as opposed to seeing them cross the border or leave Nebraska. The overall impact of Nebraska wine and grape growing industry to the state was \$12 million in 2008, which includes \$3.8 million in worker wages, 178 jobs, 259 proprietor jobs at the wineries and vineyards. Once again, Nebraska Wine Growers Association estimated 155,000 visitors in 2008. We expect that to grow. We're going to help give that a boost with this bill. For example, sales grew six times from 2000 to 2008 for Nebraska's homegrown sales. If we grow that again from 2008 to 2016, six more times, we're going to go from \$12 million in value to about \$70 million in value, and that's what we're hoping to get to. I hope you vote in favor of LB926. There is a committee amendment and I'll stop there and let Senator Fischer tell you all what she's done in her committee. Thank you, Mr. President. [LB926]

SENATOR LANGEMEIER: Thank you, Senator Rogert. As the Clerk has stated, there are committee amendments offered by the Transportation and Telecommunications Committee. Senator Fischer, as Chair of that committee, you're recognized to open on AM1942. [LB926]

SENATOR FISCHER: Thank you, Mr. President and members. The committee amendment, AM1942, strikes the original section and becomes the bill. I would like to thank Senator Rogert for this bill and I'd like to thank him for his willingness to work with the committee in reaching something that we believe will make this a good bill, a good idea, and we'll be able to move forward on it. With regard to specific information signs that are seen along the interstate and the state highway primary system, the amendment substitutes attraction signs for winery signs in the original bill. Attraction services that are eligible for an information sign will include an attraction of regional significance with the primary purpose of providing amusement, historical, cultural, or leisure activity to the public. The attraction will also be required to provide restroom facilities and drinking water with adequate parking accommodations. Wineries will be eligible for specific information signs under the attraction category. This change is in line with the federal Manual on Uniform Traffic Control Devices that governs the placements of signs along all highways. The amendment also lowers the requirements for qualifying food service to serve at least two meals per day, six days per week. This language is consistent with federal law. With regard to tourist-oriented directional signs or TOD placed along rural state highways, wineries will only be required to be open to the public at least 20 hours per week to qualify for this type of sign. Any other activity will still be required to be open to the public at least eight hours per day, five days per week, including Saturdays and Sundays during the normal season of activity. As I said, Mr. President, this amendment, we worked on that as a committee with the Department of Roads and we are in compliance with federal law on the signage. Thank you. [LB926]

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SENATOR LANGEMEIER: Thank you, Senator Fischer. You have heard the opening on LB926 and the committee amendment offered to. The floor is now open for discussion. Those wishing to speak, we have Senator Wightman, Dubas, Stuthman, Gay, and others. Senator Wightman, you're recognized. [LB926]

SENATOR WIGHTMAN: Thank you, Mr. President and members of the body. I rise in full support of LB926. I do have a question or two with regard to the amendment if Senator Fischer would yield to a question. [LB926]

SENATOR LANGEMEIER: Senator Fischer, would you yield? [LB926]

SENATOR FISCHER: Yes. [LB926]

SENATOR WIGHTMAN: Senator Fischer, from the original draft of LB926, it appears that the word "wineries", and you discussed this some, was taken out, and "attractions" were used as a replacement, which obviously is a much broader term. And you defined attractions. Is this because a different symbol will go on the signs as you go along the interstate? Would it show wineries or will it show something else on the symbols that you use? [LB926]

SENATOR FISCHER: The committee was thinking it would show, like a grape cluster for wineries for that, but I believe this will be left up to the Department of Roads and they will have to determine under their rules and regs what symbols they'll use for each attraction that will be listed on that. [LB926]

SENATOR WIGHTMAN: So attractions could include a wide variety and could use different symbols, is that correct? [LB926]

SENATOR FISCHER: Exactly, Senator Wightman. This opens it up, as I said, to leisure activities, to historical sites, to cultural sites, amusement. Under those I guess I would look at it that it could include art galleries, it could include zoos, it could include amusement parks. There's...it opens it up in the category of attractions to a wide number of businesses besides just wineries. [LB926]

SENATOR WIGHTMAN: But there would be a wide variety of symbols that could be used for these various attractions, and grapes might well be used for wineries, but probably not for an art gallery. [LB926]

SENATOR FISCHER: That would be correct, yes. [LB926]

SENATOR WIGHTMAN: Thank you. I do thank Senator Rogert for bringing this bill. We have a winery in our area. It is a very active business. Many people visit it each year

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and I know from talking to other people, that people from out of state do stop when there are wineries in a particular area. They may even take tours in which they just visit wineries across a particular state. So I think this is a great thing for adding to our tourist dollars that we may be able to capture within the state of Nebraska. So I do very much support the bill and will support the underlying...or the amendment. Thank you, Mr. President. [LB926]

SENATOR LANGEMEIER: Thank you, Senator Wightman. Senator Dubas, you're recognized. [LB926]

SENATOR DUBAS: Thank you, Mr. President. Members of the body, good morning. I, too, rise in support of the amendment and the underlying bill. I have a winery in my district and, you know, they're working really hard to promote themselves. The winery business has huge potential for economic development in our state, and especially in our small communities. I worked with my particular winery on this signage issue several years ago. Highly...if any of you have ever had to work on any sign issue in your district, you'll find out that the rules and regulations dealing with signs are very, very complex, and we can thank Lady Bird Johnson for this. It's part of Keep America Beautiful, and there were a lot of rules and regs put in place at that particular period of time that does not make it easy for anyone to put signs up, and especially if you're advertising a business. But it also puts these small businesses at a real disadvantage as far as promoting and attracting people into their business. One of the things that I worked with the Department of Roads on when we worked on this issue several years ago was getting vineyards recognized as agriculture. There is permissive language for signs if it deals with agriculture. And we needed to make sure that they recognized vineyards as a part of agriculture. It's not our traditional crops that are thought of when we think about what grows in Nebraska, but it is agriculture. I think we made some headway there, but it's still very difficult for them to be able to advertise their business as a winery and put their sign up. So that's why I cosigned onto this bill, because I know the challenges that are facing the wineries, as well as the other businesses that Senator Fischer referenced earlier. But I would have a question for Senator Rogert if he would yield. [LB926]

SENATOR LANGEMEIER: Senator Rogert, would you yield? [LB926]

SENATOR ROGERT: Certainly. [LB926]

SENATOR DUBAS: Thank you again, Senator Rogert, for bringing this bill forward and allowing me to cosign with you. Do you know what the cost is for a winery if they want to put up this type of a sign? [LB926]

SENATOR ROGERT: Yeah, there's two different costs. The interstate signs are...you've got to buy both ways, and so you get \$2,400 a year for the signs on the interstate. The ones on the highways I believe are 50 bucks a month per sign, so about \$350 a year.

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And most of the folks that we've talked to are more than willing to pay for that. [LB926]

SENATOR DUBAS: Okay. Would there...like the Wine Growers Association, would they be able to kind of, through a cooperative effort, pay for these signs if an individual winery had trouble paying for it themselves? [LB926]

SENATOR ROBERT: You know, I can't answer that but I would imagine it would something they would be looking into as a group to try to further their industry. I know they have some money to play with as an association, not a lot, but I'm sure that it's something that would be willing to look into. [LB926]

SENATOR DUBAS: All right. Thank you. And I know this was an issue when I worked with my particular winery is the cost of the sign, and they're a new business just trying to get their feet underneath them and get established. And so coming up with this kind of money, while it may not sound like a lot for a business, it is for a new and emerging business. So, you know, I would hope that we could explore some other avenues that if this was an issue for any particular business we would be able to find some other resources for them to tap into. But again, this is just really a huge issue for our small businesses, for agritourism in rural Nebraska. We have...it's called the Highway 14 Association that goes north to south through our state who's working really, really hard at promoting that particular highway corridor and the different little cottage businesses that are available in each of the communities along the way. And so I think this signage issue is an important issue for them, too. So I hope that we can move this bill forward and find other ways to help these small businesses get off and running and help them with any financial struggles that they would have as far as advertising their business and allowing these signs to get up and do the work that they need to do. [LB926]

SENATOR LANGEMEIER: One minute. [LB926]

SENATOR DUBAS: So thank you very much. [LB926]

SENATOR LANGEMEIER: Thank you, Senator Dubas. Senator Stuthman, you're recognized. [LB926]

SENATOR STUTHMAN: Thank you, Mr. President and members of the body. I'm in full support of this bill and the amendment, and I think this is giving us an opportunity to promote, you know, some of the smaller businesses in the state of Nebraska. But I also think it is an opportunity that we can expand upon this in years to come and hopefully try to promote other businesses in the state of Nebraska. Yes, you know, the wine growers and the grape growers, the wine industry has come to us and wanted to try to get some help, you know, of advertising their wineries. And I truly support that because, you know, a lot of people traveling through the state, you know, do not know where they're at. There's no signage, there's no direction to these wineries because they're

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generally over the hill someplace back on some smaller highway or a route what is not traveled continuously. So I truly support this because it does open the door that we're trying to advertise and trying to allow them to advertise where these wineries are at, and also the fact that once we have established that and see that, you know, that we are promoting those smaller groups and industries, I think that gives us an opportunity to hopefully open this up for other businesses to be advertised and promoted also. So I support this and I hope everyone else does, too. And I would like to give the balance of my time to Senator Rogert if he wishes. [LB926]

SENATOR LANGEMEIER: Senator Rogert, 3:20. [LB926]

SENATOR ROGERT: Thank you, Mr. President. Thank you, Senator Stuthman. I'll take a couple minutes here and talk a little bit about the two portions of the bills and, you know, what we were actually seeking to change when we've gotten into this. There are two wineries in my hometown, too, and their biggest issue was they came upon the fact that our requirements today was the eight hours, five days a week, being open, including weekends, and it allowed for a seasonal provision. But that 40 hours became kind of the hang-up. So what we're doing in the bill is we're reducing that number of hours for these types of businesses down to 20. In the bill, there's two types of signs that we're going to be talking about here. One of them are the interstate signs and the other one are the ones off the highways. And I know a lot of people have seen these ones off the highways, for sure. You're driving up and there will be a sign...there's one north of Tekamah, in fact. There's a blue sign that says Pheasants Bonanza. It's a hunting preserve with just a sign about the size of one of your bill books here and then an arrow down below it, and points to how far it is off the highway. And that's what we're looking to increase those things being used. I think those are great tools for people who are driving up and down a highway on a regular basis and they see there's an attraction over there. Well, maybe they'll come back on the weekend and they'll go over there and spend some money. And all those things generate tax revenues and they generate interest in the community. And the more they spend time in some community, the more they're going to continue to come back. So those are the main things. I like the fact that we moved from specifics as wineries in the bill, to attractions in the amendment. It allows us to develop more...it allows the department actually, the Department of Roads, to develop rules and regs to have more things listed in this type of situation where you can go and whatever industry comes about, maybe it wants to be Grandpa's Pumpkin Patch somewhere down the road that's only open on weekends, and they can get their sign on the interstate if they're going to draw a bunch of people, or on one of those highways. And I think it's a great idea. So thanks, Senator Stuthman, and thank you, Mr. President. [LB926]

SENATOR LANGEMEIER: Thank you, Senator Rogert, and thank you, Senator Stuthman. Those wishing to speak, we have Senators Gay, Sullivan, Rogert, Carlson, Harms, Schilz, and others. Senator Gay, you're recognized. [LB926]

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SENATOR GAY: Thank you, Mr. President. I just wanted to rise in support of the amendment and the bill. I signed on to this bill. We have a winery in my area and it's doing quite well, but I was impressed with the growth of the industry. But I think this bill, with the help of Senator Fischer and the committee counsel drafting this amendment is a very good amendment for not just the wine industry but just other things that are happening in Nebraska tourism. So my hat is off to them. I thought they had a good amendment and they worked this amendment very carefully so we don't violate any federal Highway Beautification Act which is very important because we didn't want to get any penalties or anything like that on annual federal highway apportionment of finances. So I'm very supportive of the amendment. I think it goes a long way, as Senator Dubas and others have talked about, if there's a regional attraction or something, that it could enhance. This doesn't just work for one industry. It's working for a lot of people, I think, as we look into this. And I'm sure the Department of Roads will do a fine job of administering this. So I just wanted to rise and give my support to both the amendment and the bill, and thank Senator Rogert for his persistence on working with the committee and counsel and his staff. They've done a good job and I'm looking forward to vote on the bill. Thank you, Mr. President. [LB926]

SENATOR LANGEMEIER: Thank you, Senator Gay. Senator Sullivan, you're recognized. [LB926]

SENATOR SULLIVAN: Thank you, Mr. President and members of the body. Good morning to everyone. And I, too, rise in support of this bill. I don't know that I would go so far as to say that tourism is going to be the salvation of rural Nebraska, but it certainly is a big part of the mix. And I think that we will see some creative entrepreneurs going forward that will come up with all sorts of businesses that will need signage, so I think this is very important. But I do have just a couple of questions with respect to just clarifying in my own mind what's involved here, and I wondered, first of all, if Senator Fischer would yield for a question or two. [LB926]

SENATOR LANGEMEIER: Senator Fischer, would you yield to a question? [LB926]

SENATOR FISCHER: Yes, I will. [LB926]

SENATOR SULLIVAN: Thank you, Senator Fischer. Now are we talking about two different signs, those attraction signs that would go on the interstate and the TOD signs that go on highways, is that correct? [LB926]

SENATOR FISCHER: Yes, Senator Sullivan. The attraction signs are on the interstate and also state highways in the primary system. The tourist-oriented directional signs, those TOD signs, they would be on more rural state highways. [LB926]

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SENATOR SULLIVAN: And it will still be up to the Department of Roads, will it, for them to design what both of these signs will look like? [LB926]

SENATOR FISCHER: They have...the department will design those attraction signs on the interstate. I'm sure we've all seen them. Right now, I believe they're blue in color and they'll have, like, the Burger King or McDonald's logo on them. It will be for fuel and have the particular gas station logo on that. And I would assume when the attraction signs, if this bill would pass, when those go up they would also have the logo probably for a specific winery. They would have a logo that a business may use, whether it's a water park or a zoo, or as I said, an art gallery. Those will be on those attraction signs. With regard to the TOD signs, I think that is the case where it could be specific to the winery. Let me check on that. Okay, the TOD signs will just list what that attraction is, probably the name of the winery, and what direction you need to go to get there. [LB926]

SENATOR SULLIVAN: Thank you. And so then it's incumbent on the respective businesses to make application to the Department of Roads and then in that application they'll identify that they fit in the parameters of the stipulations? [LB926]

SENATOR FISCHER: I think there's a private company that the department contracts with to handle this, but it does then go through the Department of Roads for approval. [LB926]

SENATOR SULLIVAN: Thank you, Senator Fischer. Well, again I rise in support. As I said, this is an important part of the mix in getting people off the interstate, quite frankly, to get away from this concept of, well, there's nothing in Nebraska other than this stretch of Interstate 80 that goes right through the middle of it. We all know that there are a lot of other features that can be very attractive to tourists and I think that this important legislation with respect to signage helps accomplish that. Thank you very much. [LB926]

SENATOR LANGEMEIER: Thank you, Senator Sullivan. Senator Carlson, you're recognized. [LB926]

SENATOR CARLSON: Mr. President and members of the Legislature, I, too, am in support of LB926 and the underlying amendment. I do have a question or two for Senator Rogert if he would yield. [LB926]

SENATOR LANGEMEIER: Senator Rogert, would you yield to a question? [LB926]

SENATOR ROGERT: Yes, sir. [LB926]

SENATOR CARLSON: Now I think in listening to Senator Fischer, I understand a little bit better which roads we're talking about here. But I want to ask a question on the

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interstate, and you gave some figures to begin with and where I think of the restaurants and I recognize the symbol. I think of the gas stations, I recognize the symbol. And each one of those has a cost attached to that. And I think you said \$2,400 a year? [LB926]

SENATOR ROBERT: That's usually on...that's a two-way, so it's 1,200 bucks each way. Yeah...I believe. [LB926]

SENATOR CARLSON: Each way. Okay. So in a location on the interstate it's \$2,400. And that goes to the Department of Roads. [LB926]

SENATOR ROBERT: It goes into the highway...yeah, Highway Cash Fund or whatever. [LB926]

SENATOR CARLSON: Okay. And then on other roads you have mentioned another figure. I think I heard \$350? [LB926]

SENATOR ROBERT: Yeah, that's for those small signs on the highways. Like, you know, on Highway 30, there would be those small blue signs that are about 2 by 2 foot across. [LB926]

SENATOR CARLSON: And those...was that the correct figure, about \$350? [LB926]

SENATOR ROBERT: Fifty dollars a month, I believe is what they said. [LB926]

SENATOR CARLSON: Fifty a month? [LB926]

SENATOR ROBERT: Yeah. Which means... [LB926]

SENATOR CARLSON: Is that both ways? [LB926]

SENATOR ROBERT: That would be one way, and then you get 50 bucks for the...some signs, there's only a one-way sign, so they've...if there's no town close or nobody coming from the other direction, sometimes they only put one closest to the town. So if you're coming out of Holdrege and it's four miles north and there's nothing but highway for another 90 miles north, they only give you one...they may only choose to have one. [LB926]

SENATOR CARLSON: Okay. All right, thank you, Senator Robert. I'd like to ask Senator Fischer a question if she would yield. [LB926]

SENATOR LANGEMEIER: Senator Fischer, would you yield to a question? [LB926]

SENATOR FISCHER: Yes, I will. [LB926]

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SENATOR CARLSON: Senator Fischer, I like the idea of attractions. And, of course, included in here would be those that you could call business for profit, and then those that are nonprofit, like historical, cultural, and so forth. But obviously if they want to be on there, they're going to pay the same price as everyone else. Is that correct? [LB926]

SENATOR FISCHER: That would be correct. [LB926]

SENATOR CARLSON: Okay. So it's not necessarily an easy decision for some of these facilities to put that kind of money forth, but it is an opportunity and it is a decision to be made to try and draw people off of our highways and to the attraction. And I think it's a good bill with good intent. Thank you, Mr. President. [LB926]

SENATOR LANGEMEIER: Thank you, Senator Carlson. Those still wishing to speak, we have Senator Harms, Schilz, Coash, Hansen, Wallman, Heidemann, Council, and others. Senator Harms, you're recognized. [LB926]

SENATOR HARMS: Thank you, Mr. President and colleagues. I rise in support of the amendment to LB926. I happened to be in the hearing room. I had a bill following Senator Rogert's bill, and he had a very good, strong support at that hearing. And now after looking at the amendments that the committee has made, it even makes it a much better bill. Where I live, it's been...I've been really amazed at the number of wineries that are beginning to grow in western Nebraska in the Scottsbluff area, the Mitchell area, and now on up north into Crawford and Chadron. It's becoming a big business for our region. The biggest problem is for people to know where to go, how to find these wineries. This really does do that, and I thank Senator Rogert for doing this because some of these wineries are just small entrepreneurs just getting developed. They need as much help as they can get and this will do it. Particularly, where I live, we have lots of things to see. We have the Scotts Bluff National Monument, we have Chimney Rock, we have the Morgon (sic) Trail and we have the Oregon Trail and the Mormon Trail. And so when you put the wineries and attach to that, it just gives another opportunity for people to stay a day or to spend more dollars, tourist dollars in our region. So Senator Fischer and Senator Rogert, I thank you very much for making this a very good bill. Thank you, Mr. President. [LB926]

SENATOR LANGEMEIER: Thank you, Senator Harms. Senator Schilz, you're recognized. I'm not seeing Senator Schilz on the floor. Senator Coash, you're recognized. [LB926]

SENATOR COASH: Thank you, Mr. President. Thank you, colleagues. I rise today to give you a little bit of information about tourism in our state. You may be surprised to find, but tourism is our number three industry right here in Nebraska. Behind agriculture and behind manufacturing, number three is tourism. Unfortunately, we don't invest in

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tourism the way we invest in our other two big industries, and that's why I appreciate LB926 and the amendment. Currently, and you're going to get a handout from me that outlines all the things I'm going to say...currently, Nebraska ranks 44th out of 50 states in its expenditures in the tourism market. That's not a good track record when we talk about our number three industry. Where do Nebraska tourist dollars...where do we spend our dollars? Seventeen percent in transportation, 13 percent in lodging, 25 percent in food services, 9 percent in general trade, 8 percent in entertainment and recreation, and 28 percent in auto transportation. What do we get for this? What Senator Rogert is trying to do is he's trying to get more people to stop. Now what's the payoff here? Why is this important? For every dollar that we spend on advertising, which is what this is, the state tourism office of the state receives \$14 back in travel expenses, and every dollar spent by tourists is reinvested another 1.7 times into that particular community's economy. This is a bill for rural Nebraska. This means that every dollar spent by tourists, the community receives another \$2.70 in taxable revenue. We seem to be very interested in this body in comparing ourselves to other states, so I pulled up some information that compares us. Nebraska spends \$4.8 million, while Wyoming spends \$11.74 million in investing in its tourism economy. Nebraska, again \$4.8 million; Colorado, \$22 million. Nebraska \$4.8 million; Missouri, \$20.6 million. Nebraska, \$4.8 million; Iowa, \$4.8 million. Colleagues, this is important. This is important to support our number three industry. This is a jobs bill. This is going to help industries that support our economy, grow. And we need to get behind this and you're going to hear me over the next session, this session, continue to talk about tourism and continue to advocate for our number three industry. And we have to give it the priority that it deserves. Thank you, Mr. President. [LB926]

SENATOR LANGEMEIER: Thank you, Senator Coash. Senator Hansen, you're recognized, followed by Senator Wallman. [LB926]

SENATOR HANSEN Thank you, Mr. President and members of the Legislature. I, too, want to rise in support of this amendment and the underlying bill. I think tourism is a great industry in our state. We don't do enough for it. I think that the signs, if we do, do the signs, I think it's a good idea. Something new. Something on the blue signs to say something about the tourist industry, the vineyards, and we need other attractions. And the reason I think that we need other attractions is simply that once we get people off the interstate, once we get them off the highways, we need to show them what western Nebraska, what rural Nebraska, what western Nebraska especially for me, what it really is. We have a 40-acre vineyard in North Platte and it has great weekend specials on food and they sell and serve a lot of their wine. The University of Nebraska has a program in viniculture. And between that, the grape growers, they have passport for wine tours. My wife and I took a wine tour just two years ago during the summer, and went all over the state, and it was a great tour. It really was. But once...the problem is with this particular bill of Senator Rogert's is that if we get to pushing the wine industry too much, what I see is people getting off the interstate, going to visit a winery, and they

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know where the next winery is. They get off. They spend \$6 and have three glasses of wine, and then they get back on the road. I don't want this bill to indicate or show that we are promoting drinking and driving. I think that's a...once we get them off the road, get them in the vineyard, get them in the winery, show them around that, we need to show them some more tourism. And I think this is a very important that we separate the drinking and the driving. Thank you, Mr. President. [LB926]

SENATOR LANGEMEIER: Thank you, Senator Hansen. Senator Wallman, you're recognized. [LB926]

SENATOR WALLMAN: Thank you, Mr. President, members of the body. I, too, think this is a good amendment, but would Senator Rogert answer a question? [LB926]

SENATOR LANGEMEIER: Senator Rogert, would you yield to a question? [LB926]

SENATOR ROGERT: Yes. [LB926]

SENATOR WALLMAN: This just pertains to wineries, is that true? [LB926]

SENATOR ROGERT: The green copy does, Senator Wallman, but in the committee amendment we've taken it from wineries and made it attractions, and then we've made some special rules for wineries inside. So it will allow for other things to develop, other industries that want to come forth and have their signs possibly on the interstates too. They can develop a logo and get it put it up there and they can be included. [LB926]

SENATOR WALLMAN: We, too...I live in a District 30 which has the Homestead, which literally where it started, a beautiful new museum. We have numerous things, the Welsh Museum. And it would be nice to stop off and look at these things, and so I do support this amendment and support the bill. Thank you, Mr. President. [LB926]

SENATOR CARLSON PRESIDING

SENATOR CARLSON: Thank you, Senator Wallman and Senator Rogert. Senator Heidemann, you're recognized. [LB926]

SENATOR HEIDEMANN: Thank you, Mr. President and fellow members of the body. Very briefly, I want to stand up as everybody else has...we have a little love fest going on here with this bill. I think that it is important for me to stand up because one of the people, as I look at the committee statement, was actually from my district, Sharon Schilling from Schilling Bridge Winery and Microbrewery in Pawnee City, Nebraska. They've been working on signage issues for years. We've been trying to help them out. I appreciate that Senator Rogert brought LB926 to the body. I support it and I support the amendment. Thank you. [LB926]

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SENATOR CARLSON: Thank you, Senator Heidemann. Those still wishing to speak: Senators Council, Haar, and Schilz. Senator Council, you're recognized. [LB926]

SENATOR COUNCIL: Yes, thank you, Mr. President. I rise in support of the underlying bill with AM1942. I firmly believe that we need to advertise the attractions in the state of Nebraska, and I am particularly interested in the advertisement of industry in Nebraska that is trying to grow. I'm sure I, like many of my colleagues, have occasion to travel the interstate and state highway systems around this country, and I can tell you that most of the states that I travel along I-80, I-70, I-40, I-29, advertise their attractions on the interstate highway signs. And then when you're on the state highways, they do the same. I am particularly supportive of the emphasis placed upon Nebraska wineries because that is a unique industry and a unique tourist attraction. I'm sure that there are very few people outside of Nebraska...quite frankly, outside of this body, who are aware of the burgeoning wine industry here in the state of Nebraska. And we need to take every opportunity that is presented to assist in the development of this industry. I had a couple friends of mine who undertook operating a winery here in the state of Nebraska, and they were operating in a location where there were other historical and cultural attractions. And those historical and cultural attractions basically were state attractions, so there was signage on the highway directing individuals to those attractions. However, they never had the full opportunity to benefit from the tourism that was coming to that area for those historical and cultural attractions because there was no way for them to affordably advertise that they were also an attraction in that location. Unfortunately, that winery has had to close, but I had occasion to speak to the former operators of that winery with regard to this bill. And he urged me to rise in support of the bill on behalf of the industry so that other operators in the state of Nebraska would have, you know, full opportunity to grow their business and draw upon the tourists that do come to the state. I am particularly supportive of the reduction in the operating hours for wineries because if we are going to encourage these small businesses to start up, to impose a 40-hour-a-week requirement on them for operation, places them in a situation where they have to either sacrifice the advertisement or sacrifice their operations to the cost of operating during hours where they can't possibly draw customers. So with that said, I would urge the body to support AM1942 and the underlying bill. [LB926]

SENATOR CARLSON: Thank you, Senator Council. (Visitors introduced.) Senator Haar, you're recognized. [LB926]

SENATOR HAAR: Mr. President and members of the body, I have a constituent near Ashland who owns a vineyard and is planning to build and open a winery on the site in the coming months. Now it's just going to be three miles west of Mahoney Park at Exit 426 there, and it's well within the distance, driving distance of Lincoln here. So I hope you'll join me in visiting that winery when it opens. And just to show you that old dogs can learn new tricks, I would like to do a shout-out to this constituent and say...his name

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is Richard Hilske, and I support this bill and I just wait to hope to hear about the opening of that winery and I'll be there to drink some wine. Thank you very much. [LB926]

SENATOR CARLSON: Thank you, Senator Haar. Senator Schilz, you're recognized. [LB926]

SENATOR SCHILZ: Thank you, Mr. President and members of the body. Good morning. And as Senator Heidemann said, yes, I think we can officially call this a love fest, which every once in a while is nice to have on the floor. But whenever a bill like this comes up that has the opportunity to help and enhance rural development in the state of Nebraska, I think we need to stand up and take the opportunity to espouse it and let everybody know how important it really is. Senator Coash was exactly right. Tourism in my neck of the woods is huge. I have a couple wineries there: Five Trails Winery in Paxton that just opened up and is having phenomenal success, and 17 Ranch Winery in Lewellen, Nebraska, which both of these are for. I think it's very crucial to understand and to see that in my neighborhood I-80 is a huge artery that brings thousands and thousands of people through our state every day. Twenty thousand-plus vehicles a day travel down that road, and without the signs to let them know what's going on and what attractions are there and what services are there, it's harder to pull people off the road. So it's very important to rural Nebraska. Very important to our economy. And for that I am in great support of AM1942 and LB926. And with that, if Senator Rogert would like the rest of my time, he may have it. [LB926]

SENATOR CARLSON: Senator Rogert, three and a half minutes. Senator Rogert waives. Thank you, Senator Schilz. Those wishing to speak: Senators Pirsch and Lautenbaugh. Senator Pirsch, you're recognized. [LB926]

SENATOR PIRSCH: Thank you, Mr. President and members of the body, and I'll be brief here. I just want to echo the sentiments that have been expressed here today. Senator Schilz, I think, points out that 20,000 vehicles travel through Nebraska on the interstate, a day. That would equivocate out, if correct, on a yearly basis of over 7 million vehicles. And so when you're talking about potential economic development resources that are currently not fully utilized or tapped, boy, this is one of the greatest that the state has in terms of potential. And I think we have not done a good job in utilizing this in the past, and so I think this is an important step forward in tapping that resource for the state. And so I thank him for bringing this bill. I do support it. Thank you. [LB926]

SENATOR CARLSON: Thank you, Senator Pirsch. Senator Lautenbaugh, you're recognized. [LB926]

SENATOR LAUTENBAUGH: Thank you, Mr. President and members of the body. I just realized I was the only senator who hadn't spoken on this bill, so I thought I would jump

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up. (Laughter) I had no idea we had such a passion for wineries in the body, and I think this is a good bill and this is when we need Senator Friend back here to berate all of us for these love fests at the microphone. I'm longing for those days at this point. And I'll yield the rest of my time to Senator Janssen. [LB926]

SENATOR CARLSON: Senator Janssen, four minutes. [LB926]

SENATOR JANSSEN: Thank you, Mr. President. Senator Lautenbaugh, I appreciate you yielding the time because now I am the last one not to speak on this bill and in favor of this bill. It was in our committee. I was supportive in the committee with the committee amendments that broadens it. Tourism, obviously very important to the state, and we need to take advantage of it and this appears to be a low-cost way to do just that. Thank you, Mr. President. [LB926]

SENATOR CARLSON: Thank you, Senator Janssen and Senator Lautenbaugh. Seeing no other lights, Senator Fischer, you're recognized to close on the committee amendments. [LB926]

SENATOR FISCHER: Thank you, Mr. President and members, and thank you for the discussion on this bill. With this bill, I think we are all making a statement that we do recognize the importance of tourism to the state of Nebraska. It is an important part of our economy and we need to attract more people to get off the interstate. We have millions of people every year drive through Nebraska on the interstate and they see nothing of this beautiful state that we call home. And this will encourage them to exit off the interstate, find some of these little gems that we have in our communities, and explore those. I believe this is good policy. We are following federal law with regards to putting up these signs. We are having rules and regulations and controls on the signs, and that is good policy. We're not just saying that a business can put a sign up along the interstate or a state highway in any way that they want. We do have guidelines. We do have regulations that they must follow, but we are expanding that to include many of the wonderful attractions that we do have in the state. And those people that take advantage now of visiting these attractions will provide numerous benefits to the communities where those attractions are located. So I would urge you to vote and advance AM1942 and the underlying bill. Thank you, Mr. President. [LB926]

SPEAKER FLOOD PRESIDING

SPEAKER FLOOD: Thank you, Senator Fischer. Members, you've heard the closing on AM1942. The question before the body is, shall AM1942 be adopted? All those in favor vote aye; all those opposed vote nay. Have all those voted who care to? Mr. Clerk, please record. [LB926]

CLERK: 41 ayes, 0 nays, Mr. President, on adoption of committee amendments.

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[LB926]

SPEAKER FLOOD: The committee amendments are adopted. Returning to discussion on the underlying LB926, there are no lights on. Senator Rogert, you're recognized to close on LB926. [LB926]

SENATOR ROBERT: Thank you, Mr. President. Thank you, members of the body, and thank you, Senator Fischer and your staff, for amending the bill and working with us to get to a provision we could all live with. And I think this is a good step and I appreciate those who got up and spoke today on behalf of it. And it does do a lot to say that tourism in our small communities across the state has got to be the golden nugget to save those towns, and this goes a long ways to helping that out. Getting folks off the highways and off the interstates and over through the hills to Grandma's house to whatever attraction is sitting there, we've got to get some folks over to see those, and that's really important. So I encourage you to vote green on the amended copy of LB926. I wanted to thank the Speaker for his priority and Senator Gay for helping me get that priority, and the Nebraska Wine and Grape Growers Association for working with me and bringing me the bill. As promised, I also wanted to thank Nurse Tracy and Nurse Nancy and the fine staff at BryanLGH West for getting me in and out of there and patched up and back to the floor of the Legislature today. Thank you, Mr. President. [LB926]

SPEAKER FLOOD: Thank you, Senator Robert. Members, you've heard the closing on LB926. The question before the body is, shall LB926 advance to E&R Initial? All those in favor vote aye; all those opposed vote nay. Have all those voted who care to? Mr. Clerk, please record. [LB926]

CLERK: 42 ayes, 0 nays, Mr. President, on the advancement of LB926. [LB926]

SPEAKER FLOOD: LB926 advances to E&R Initial. Mr. Clerk. [LB926]

CLERK: Mr. President, some items if I may. Business and Labor will have an Executive Session underneath the north balcony at 10; Business and Labor, north balcony at 10. Banking, Commerce and Insurance will have an Exec at 10 in Room 2022. Your Committee on Transportation, chaired by Senator Fischer, reports LB772 to General File; LB933, General File; LB719, indefinitely postponed. Judiciary, chaired by Senator Ashford, reports LB728 to General File; LB763 and LB915 to General File. That's all that I have, Mr. President. (Legislative Journal page 632.) [LB772 LB933 LB719 LB728 LB763 LB915]

SPEAKER FLOOD: Thank you, Mr. Clerk. We now proceed to the next item on the agenda, LB1063. [LB1063]

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CLERK: LB1063 was a bill introduced by Senator Nelson. (Read title.) The bill was introduced on January 21 of this year, referred to the Appropriations Committee. The bill was advanced to General File. There are Appropriations Committee amendments pending. (AM1961, Legislative Journal page 583.) [LB1063]

SPEAKER FLOOD: Thank you, Mr. Clerk. Senator Nelson, you are recognized to open on LB1063. [LB1063]

SENATOR NELSON: Thank you, Mr. President, members of the body. I rise today to introduce LB1063. This is a Speaker priority bill and I want to thank Speaker Flood for designating it as a Speaker priority. I'd like to discuss a little bit about what was called, at its instigation, the 1 percent for art law that goes back to 1979, and this is a little bit of history that I think will be informative to all of us. That law provides that where over \$500,000 in capital construction or \$250,000 expended for a renovation or restoration, that 1 percent of that amount of money will be set aside for purchase and maintenance of works of art for those buildings. And the Nebraska Arts Council is charged with administering this, procuring the art, and then maintaining it. So over the course of 30 years, the state of Nebraska has accumulated over 465 works of art valued in excess of \$5 million. And, in fact, one of those pieces itself is probably worth over a million dollars at this time. And those works of art are located at 63 different sites here in the state of Nebraska. The bill also charges the Nebraska Arts Council with inspecting all of those 465 pieces of art annually. And this involves time on the part of personnel, but more importantly, it involves a lot of travel to go around annually and inspect all of those pieces of work at the various sites. What this bill proposes to do is change that inspection schedule from annually to once every three years. In this age of instant communication, it's very simple for the client agency at that site to contact the Nebraska Arts Council in the event there's been some damage or there needs to be some maintenance work, and they can do that by a simple report to the Nebraska Arts Council. And by changing this then so that there has to be an actual inspection on site by the Nebraska Arts Council representative, several thousand dollars can be saved annually just in doing away with transportation costs altogether. So this is a saving which I think, although it's not perhaps all that large, it's welcome. The second part of the bill involves establishing a maintenance and preservation fund for these works of art. At the present time and in the statute there is nothing that dictates that. Most pieces of legislation in other states now for public art do provide for a maintenance fund. What the Nebraska Arts Council is proposing through this bill is that up to 10 percent of their administrative fee will be set aside in a maintenance fund just for that purpose. The Arts Council charges a maintenance fee on these major projects, which again is just 1 percent of the 1 percent that is set aside for the work that they do in obtaining the works of art, setting up selection programs, and things of that sort. So the money is available right now from these projects, and again there is no cost to the state, nothing to come out of the General Fund. This up to 10 percent would just be set aside for that maintenance, restoration of art, and I think it's very important that we preserve this \$5

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million worth of artwork in this manner. Works of art that are inside buildings don't require that much, but there are a number of works that are outside. They suffer weather damage, have to be worked on every once in awhile, and this money will be available for that purpose. So it's a simple bill. It doesn't involve very much. I...LB1063 was advanced from the committee unanimously. We do have a committee amendment which Senator Heidemann will introduce, and at this time I urge you to support LB1063 and vote to advance the bill to Select File, and I will now defer to Senator Heidemann for the amendment. Thank you, Mr. President. [LB1063]

SPEAKER FLOOD: Thank you, Senator Nelson. There are committee amendments. Senator Heidemann, you're recognized to open on AM1961. [LB1063]

SENATOR HEIDEMANN: Thank you, Mr. Speaker and fellow members of the body. A short explanation of the committee amendment. It's a fairly simple amendment. The committee amendment adds a new section to the bill to revise the legislative intent language currently contained in Section 82-331. Current law states that it is the intent of the Legislature to transfer an amount not to exceed \$1.5 million from the General Fund to the Nebraska Cultural Preservation Endowment Fund on December 31, 2011 and 2012. AM1961 would revise this, revise the intent language to state that it is the intent of the Legislature to transfer an amount not to exceed \$500,000 from the General Fund to the Nebraska Cultural Preservation Endowment Fund on December 31, 2011, 2012, 2013, 2014, 2015, and 2016. The bottom line is there are six payments in the amendment of \$500,000, equals \$3 million. In the original Section 82-331, it's \$1.5 million times two, which is \$3 million. There is no more money that will go to this, so it's General Fund net money. The thing that will actually help us out a little bit, though, in the out biennium we would have shown a cost of \$3 million. We will only show a cost of \$1 million in the out biennium, so if we adopt this amendment the fiscal status will eventually take that into account and we will actually show a savings of \$2 million. It's not actually a true savings, though, because there is obligations in the out biennium after that of \$1 million in the out biennium after that of another \$1 million. I do believe this is a good amendment. I urge your support of AM1961 to LB1063. Thank you. [LB1063]

SPEAKER FLOOD: Thank you, Senator Heidemann. Members, you've heard the opening on AM1961. Senator Wightman, you're recognized. [LB1063]

SENATOR WIGHTMAN: Thank you, Mr. President and colleagues. I do rise in support of AM1961 and LB1063. As has been explained to you, we have reduced the amount in Section 82-331 under the committee amendment, from an amount of \$1 million a year to \$500,000. Actually, last year it was also reduced. And this took place really to try to meet a matching fund of a fairly...a large donor who was making funds available for this Cultural Preservation Endowment Fund. But because of the economic times we're in, we found it necessary to reduce those amounts. And I think that the donor and the Arts

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Council are very much in favor of this because they are also having some trouble in probably making the match. So I think it is important that we do continue to provide support for the Cultural Preservation Endowment Fund. It's very important to outstate Nebraska. Certainly, our museums, our art exhibits are made usable in large part by the use of these funds. So I think it is important that we continue to support that. We made...took on an obligation to meet the matching funds that were being made available in the way of donations, two years ago I believe. So I think it's important that we continue to strive to match those dollars that we are receiving. It is a win-win situation, I think, for the state. So again I urge your support for AM1961 and for LB1063. Thank you, Mr. President. [LB1063]

SPEAKER FLOOD: Thank you, Senator Wightman. There are no other lights on. Senator Harms, you are now recognized. [LB1063]

SENATOR HARMS: Thank you, Mr. President and colleagues. I rise in support of AM1961. I think it's a good amendment to Senator Nelson's bill. I think it's important particularly for where I live in rural Nebraska. It is very difficult for us and this does make a big difference for us. So I would urge you to support the amendment as well as the underlying bill. Thank you, Mr. President. [LB1063]

SPEAKER FLOOD: Thank you, Senator Harms. (Visitors introduced.) There are no other lights on. Senator Heidemann, you're recognized to close on AM1961. Senator Heidemann waives his opportunity. The question before the body is, shall AM1961 be adopted? All those in favor vote yea; all those opposed vote nay. Have all those voted who care to? Mr. Clerk, please record. [LB1063]

CLERK: 28 ayes, 0 nays, Mr. President, on adoption of committee amendments. [LB1063]

SPEAKER FLOOD: AM1961 is adopted. There are no other lights on. Senator Nelson, you're recognized to close on LB1063. [LB1063]

SENATOR NELSON: Thank you, Mr. President. I want to thank Senator Wightman, Senator Harms, and Senator Heidemann for their remarks and their support. This is a good bill, especially as amended, and I would urge you to advance LB1023 (sic-LB1063) to Select File. Thank you very much, Mr. President. [LB1063]

SPEAKER FLOOD: Thank you, Senator Nelson. Members, the question before the body is, shall LB1063 advance to E&R Initial? All those in favor vote yea; all those opposed vote nay. Record please, Mr. Clerk. [LB1063]

CLERK: 32 ayes, 0 nays, Mr. President, on the advancement of LB1063. [LB1063]

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SPEAKER FLOOD: LB1063 advances to E&R Initial. Mr. Clerk. [LB1063]

CLERK: Mr. President, the next bill, LB381, was a bill originally introduced by Senator Rogert. (Read title.) The bill was introduced on January 16 of last year, at that time referred to the Urban Affairs Committee for public hearing. The bill was advanced to General File. There are Urban Affairs Committee amendments pending, Mr. President. (AM1609, Legislative Journal page 567.) [LB381]

SPEAKER FLOOD: Senator Rogert, you're recognized to open on LB381. [LB381]

SENATOR ROBERT: Thank you, Mr. President. Again, good morning, members of the body. LB381 in its current form is a form of legislation that permits the establishment and use of community improvement districts in Nebraska. I'm going to talk a little bit more towards the amendment rather than the bill, but I'm going...I'll elaborate on both a little bit. I'll give you a little background story. LB381 is a result of an effort by me to look at different ways for economic development over the last couple, three years. A couple of years ago, I was speaking to a group in Wayne about TIF financing and the fact that I think TIF financing is a good tool, but I think there are other ways that we could be able to do it. Our constitution is a little different than other states, so TIF financing currently is one of the only ways that we can allow for tax abatement of sorts for the use of financing public infrastructure. A man came up to me and said, you and I need to have a talk, and so we did. And he works for a firm that develops this type of infrastructure development for states like Kansas and Missouri and Iowa and other places across the Midwest. And I went and looked at some of these developments and thought it was a great tool and a great resource that we should be looking at. Community improvement districts in...will be created for the purpose of contracting for and funding public facilities or improvements that may include but are not limited to, and I'm going to enumerate just some things that these could be used for just as some illustration: pedestrian or shopping malls and plazas, parks, lawn, trees, landscapes, convention centers, arenas, meeting facilities, sidewalks, drainage, water, traffic signs, lakes, dams, waterways, street lights, lighting, benches, trash receptacles, paintings, murals, display cases, music facilities, childcare facilities, and such. These districts may also be able to do some other things such as contracts for services and fund for things like: prohibiting or restricting vehicular pedestrian traffic, basically closing streets at some parts of the day, operating or contrasting for the provision of music, news, childcare, parking facilities, buses or minibuses, leasing space for sidewalk cafes, and providing for contracting for the provision for security, equipment, trash collection, promote tourism, recreation, cultural activities. Under LB381, a community improvement district may demolish and remove, renovate, reconstruct, construct, or rehabilitate any building or structure, any fund for such activities if the area has been found blighted and the governing body of a municipality that approves the district has determined that the district will remediate the blighted conditions and that such an action will serve a public purpose. A community improvement district may serve as a political subdivision or a nonprofit corporation. So

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basically this creates a separate political subdivision through a sort of corporation. As a nonprofit corporation, we'll call it a CID from here on out, they can fund the improvements in the district through special assessments or a sales tax up to an additional 1 percent in this bill. Currently, we allow for a property tax mechanism as well in the green copy, but under the committee amendment that will be introduced we have amended that funding mechanism. A CID may also fund projects through fees, rents, charges for the property or through services, grants, gifts, donations, or additions to bonds, notes and obligations, or assignments, or a deed of trust. Bonds or other obligations to the CID nonprofit corporation will not be tax exempt for federal income tax purposes. A municipality cannot decrease the level of publicly funded services in the CID that existed prior to the creation of the CID or discriminate in the provision of publicly funded services between the areas inside and outside the CID. This bill would allow these CIDs to issue bonds. It would be a new funding source within these boundaries of a district that would be drawn to pay for the services uniquely...to uniquely benefit the property in the area. The bonds will be limited to 30 years and they could finance a wide array of public service improvements and services that I enumerated earlier. It's created by filing with a municipality where the proposed district will be located which could be, according to the copy, a county or a city or a village as long as the petition is signed by a collective 50 percent of the assessed value of the property and a collective 50 percent of per capita of all the owners of the real property within the proposed district. The petition must include a five-year plan that describes the purposes of the proposed district and the service it will provide and the improvements it will make and the estimated cost of the project. Once the petition is filed, the governing body of the municipality will hold public hearings with prior notice and may approve the proposed district by ordinance. Once created, the board of districts serves as the districts...the CID's legislative body and operates that community improvement district. It acts independently from a municipality and creates a CID that is not a department of the agency or the municipality. Basically there are...this is a tool that states like Kansas and Missouri and Iowa have been using to develop infrastructure for economic development. They draw one of these districts. They petition the city council and, by a vote of the folks that own property in the district, they form this type of a tool which can, under our copy, add an additional 1 percent of sales tax to fund bonds to develop that structure. Regardless of what the folks here think of the idea, I want you to listen to the discussion today and I believe it's a thing we should think about as we move forward into the future. Our economy today may not look favorable upon us adding a 1 percent sales tax. Although this is a voluntary tax, it's added to just the district, voted on by the people of the district. I think of it as a provision of such. We've recently built the West Dodge Expressway in Omaha. If we would have drawn one of these districts around Village Pointe and added a 1 percent sales tax that would have been voted on by the people and the business owners in that district, we could have paid for that in a much swifter fashion. Normally, these districts are composed of places that people go to for entertainment value or for the fact that they are different than everywhere else. They're not going there as a provision of saving money. So a 1 percent sales tax in those

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people's minds is not going to be an issue. The Country Club Plaza in Kansas City 10 years ago or 15 years ago was a certain size. There was no parking. There was limited development. They drew one of these districts around it and funded a couple parking garages which house about 2,000 cars. With the 1 percent sales tax added onto there, they funded and paid for those bonds to build that garage. The picture overhead of the Country Club Plaza today versus what it was 15 years ago is astonishing. It is a whole city. It's a massive tourist attraction and a great source of income for that area. That is my goal with this type of legislation, is to create ways to develop the infrastructures and create those attractions and entertainment areas where people go to spend money not because they're trying to save money but because it's a unique spot within their state, within their city, and this would allow for that tool. I'll stop there. I know there's going to be a lot of questions, some people that have some pretty major concerns about the issue. And I hope we listen and talk about how this legislation could help us in the future if not today. Thank you, Mr. President. [LB381]

SPEAKER FLOOD: Thank you, Senator Rogert. There are committee amendments. Senator McGill, as Chair of the Urban Affairs Committee, you're recognized to open on AM1609. [LB381]

SENATOR MCGILL: Mr. President, members of the body, the committee amendment really shrinks the physical size of the bill because the original bill Senator Rogert brought with LB381 included language for transportation development districts as well. The committee amendment essentially keeps all of the community improvement district language and cuts out everything dealing with that transportation development district. It also removes all property taxing authority from community improvement districts. That was originally in the bill as another funding element for the CIDs, but we did remove that knowing that that would not be something that members of the body would probably want to see in a piece of legislation that came out of our committee. We know that having had some discussions since this bill advanced from committee that there are some improvements that we can make on the bill and I hope that this discussion will help us highlight where we can improve the language. We spent a year thinking about this bill, and after seeing the presentation in our committee, we were so impressed by the dramatic differences that this sort of legislation brought to areas like Kansas City, like to Branson that we knew that Nebraska is lagging behind when it comes to great, new renovation projects or revitalization projects. And so we felt that this was something that we wanted to prioritize this year and bring it to the floor for discussion, you know, something that was a big idea as opposed to some small piece of legislation that just tries to pick away at a problem. As you may have noticed from your gadgets, Senator Cornett is putting up a bracket motion right after this. We do understand some of the concerns that she has and are looking forward to that discussion to see what can be worked out or what cannot be worked out. We recognize that the Revenue Committee deals with most of the legislation that involves taxing authority, and so we want to work with them and discuss the big picture and how this impacts other taxes within the state.

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But as Senator Rogert said, we really want to focus on talking about why this is a good idea whether it be now or in the future that we work on this. We've all said it before that Nebraska...most of us in here agree that we're lacking vision and direction. I know Senator Harms has been working on trying to propose better vision for the state. We've had so many people come to our Urban Affairs Committee saying we want to redevelop Florence in Omaha or a business, the Main Street in a small town or I know I have business districts that used to be small towns that are now part of Omaha...part of Lincoln--pardon me--that this sort of legislation could really help. We complain about people leaving. We complain about them not wanting to stay here, but when other states are taking advantage of tools like this, we need to up our ante and try to think creatively and invest in a big idea. This can impact all parts of the state. I know Senator Schilz is going to get up and speak in a little bit about a project he has in mind that this sort of tool could be useful for, particularly in his case, the assessment element of it. And I would ask the body as we're discussing this bill and whether it's a good idea or a bad idea, maybe a good idea but for another point in time, you know, I just ask, when is the right time and when will we begin to truly show some vision and when do we invest in our classic neighborhoods and our business districts in a substantial way? The ideas in this bill have a lot of potential if we're able to work out some of the concerns here. We have to decide whether or not this legislation is something worth pursuing and is worth trying to work through some of the problems or if we simply bracket it this year and let the discussion end with that. I'm so pleased to participate in the discussion, try to flush out some of the ideas. Even if this isn't the legislation for here and now, we still have an opportunity to flush out this idea so that we can bring it back potentially next year and have a real attempt at getting it passed. Thank you, Mr. President. [LB381]

SPEAKER FLOOD: Thank you, Senator McGill. Mr. Clerk. [LB381]

CLERK: Mr. President, a priority motion. Senator Cornett would move to bracket LB381 until April 14, 2010. [LB381]

SPEAKER FLOOD: Senator Cornett, you're recognized to open on your bracket motion. [LB381]

SENATOR CORNETT: Good morning, Mr. Speaker and members of the body. First of all, I'd like to assure everyone that I have talked to Senator McGill and Senator Rogert and they knew this bracket motion was coming. This bill while it should have probably been referenced to Revenue wasn't and frankly we didn't catch it, so my bad. But when it did come out and I realized what it dealt with, I went carefully through the bill. And having...I have a number of concerns on what we are looking at doing with this bill. While I agree with Senator McGill, we do need to have a comprehensive view on how we develop and redevelop our state and how we encourage business development, I don't think this bill reaches that goal. A few of the things that bring me the most concern looking at this is, under this bill it allows a district to be formed. If you actually read

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through the bill, no one actually has to live in that district. It can have as few as five people or less and they can be property owners. So they form a district and the people that live inside the district or are members are the ones that vote on this sales tax increase. So now we've allowed what could either be a municipality forming a district or a nonprofit corporation with a vote of less than five people up to...it can be more than that but it can also be less than five people or five business owners to authorize a 1 cent sales tax increase. Here are the issues I have with that. If we form a district and it is used for a very large project, say an arena, say something like a gallery, I'm not opposed to these concepts and I think we do need to look at how to develop and we have a very limited number of people voting to form this district and to impose a sales tax inside this area, what if the district fails? What if they can't meet the bond payment? Who is obligated to pay the bond? Is it the entire city, the entire area? If we look at Omaha, are we talking a couple hundred thousand people now that are obligated to pay for something that five people voted on? I also have concerns looking at it if it actually allows a private corporation to authorize a sales tax increase. If you have five people inside that district or ten people or they're all businesses, what if there's no one actually living in the district? Who are the authorized voters? And if the authorized voters are the owners and they form a nonprofit corporation, haven't we just given private business the right to do a tax increase? I am more than willing to work with Senator McGill and Senator Rogert over the course of the interim with an interim study on how we can look at these districts, but I am very concerned in regards to who will be responsible for these bonds if the district fails, who we are giving taxing authority to, and frankly if now is the time that we should be doing a tax increase. With that, I urge the body to support the bracket motion. Thank you. [LB381]

SPEAKER FLOOD: Thank you, Senator Cornett. Returning to discussion on the bracket motion, we begin with Senator Adams followed by Senator Stuthman, Krist, Schilz, Rogert, Campbell, and others. Senator Adams, you are recognized. [LB381]

SENATOR ADAMS: Thank you, Mr. Speaker, members of the body. Would Senator Rogert yield to a question please? [LB381]

SPEAKER FLOOD: Senator Rogert, will you yield to a question? [LB381]

SENATOR ROGERT: Yes, I will. [LB381]

SENATOR ADAMS: Thank you. Senator, I am going to get to the question but let me put it into some context for you. As I read through your bill, what I see here--and I'm going to give you an opportunity to correct me if I'm not seeing it right--I see the creation of an SID inside of an annexed area. And I don't have any fondness personally for SIDs, so let me ask you, is this replicating the creation of an SID only putting it inside of an annexed area? If that be the case, some of the things that I see that are inherently a problem with an SID are that the infrastructure that's built may not be on the same

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standard that the city would build the infrastructure--different pipe size, asphalt versus concrete, the depth. Senator Cornett has raised a couple of questions that I had also about the debt mechanism and who ultimately is obligated for this if it fails. And is there general obligation on the part of the city on this debt or is it handled like industrial revenue bonds? Rather than keep asking questions, I'm just going to come back to you. How is this like or dislike an SID? [LB381]

SENATOR ROBERT: Well, Senator Adams, I think it's kind of like an SID but it's...the reasons that it's unlike an SID is because it is within a city most likely or it could be within a county, but being as it's a subcreation, it still would be subject to the ordinances and laws of those above it. So in terms of your codes and those types of things, I believe it would be...if it's inside the city of Lincoln, it would be subject to all the ordinances that are, you know, within the city of Lincoln. The debt mechanism...I'm going to tell you first that bonding is not my thing. I don't get a whole bunch about it, but I believe that it's not...it doesn't belong with general obligation bond, it doesn't go falling back on the city. The corporation that was formed, they're stuck, they're backing the bond and if they happen to go belly up or bankrupt, it's the folks that issued the bonds to them that will be liable for it. [LB381]

SENATOR ADAMS: Okay. So if I understand you correctly and you're saying and it's a reasonable answer that you're not real convinced how the bonding mechanism works, so the city could be...the rest of the taxpayers in the city could be obligated or the bonds are issued and it is only the valued property or the developers within the district that are obligated to the bonds. So if that be the case, then it's bond buyer beware. Would that be a way to look at it? [LB381]

SENATOR ROBERT: I think it would be bond issuer beware actually. I really think that it's more...you know, their bond rating is going to be less for sure because their earning capacity is less. Their asset value...and Senator McGill has that right there, so maybe you can talk with her about it off the mike. [LB381]

SENATOR ADAMS: But the bond issuer would be the city, correct? You're going to use the city or the county as the mechanism to issue the bonds, otherwise the developer could just go to the bank. [LB381]

SENATOR ROBERT: Senator Adams, can I pass that question onto Senator McGill? She's got that. [LB381]

SENATOR ADAMS: Would Senator McGill yield to a question? Mr. Speaker, would Senator McGill yield to a question? [LB381]

SENATOR MCGILL: Yes, I yield to the question. [LB381]

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SENATOR ADAMS: Senator, have you heard the series of questions that I've had for Senator Rogert about the bonding? [LB381]

SENATOR MCGILL: I have and I've been trying to flag you down (laugh) on the side. [LB381]

SENATOR ADAMS: All right. Fire away. I'd like to hear your response. [LB381]

SENATOR MCGILL: Yes, let me... [LB381]

SPEAKER FLOOD: One minute. [LB381]

SENATOR MCGILL: ...discuss a little bit. And for anybody who happens to be following along on the committee amendment, it's page 23 starting in Section 12 on line 17 where the bonding portion of the language is. On the second page on page 24, it's very clear that no such bonds shall be a general obligation bond, and it's the responsibility of the district only. Yeah. (Laugh) So that would be the answer to the main question. [LB381]

SENATOR ADAMS: Okay. So let me...as long as you're on the mike and my time is about up, let me try to summarize at least a portion of my questions. So this is similar to an SID only it's inside of an annexed area. Because it's inside an annexed area, I heard Senator Rogert say that the construction... [LB381]

SENATOR HEIDEMANN PRESIDING

SENATOR HEIDEMANN: Time. [LB381]

SENATOR ADAMS: Thank you, Mr. President. [LB381]

SENATOR HEIDEMANN: Those wishing to speak on the bracket motion are Senator Stuthman, Krist, Schilz, Rogert, Campbell, Nordquist, and others. Senator Stuthman. [LB381]

SENATOR STUTHMAN: Thank you, Mr. President and members of the body. First of all, I do not support the bracket motion, but I think we need to discuss this bill to great length. This bill is one that initially was going to create the transportation development districts and the community improvement districts. And I am very supportive of the creation of these transportation development districts. I think this is another tool that can help communities, existing communities, communities that are going to expand. And I have proposed this several years in a row to create these transportation development districts. The purpose behind that, and I will give you the information, was the fact that in my community we have a new arterial that's going around the community and we've got a lot of space between the retail outlets, the business district, a part of town

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that...the economic development industries, and the new arterial Lost Creek Parkway that has been completed right now. Our intent there was to develop an area, maybe 10 or 20 acres, that we could designate as a transportation development district either designated by the city or by the county or it would be together but one would have to annex into the other part of it which would be the city would annex that part of the county into that district. Any...you know, in the development of that district which I think this bill also does the same thing in its original intent. Infrastructure in a development that is planned on...let's use an example of 10 or 20 acres, installing the streets, the sidewalks, the parking lots, the sewer, the water for that district with the assumption that the developer in that district was going to invite retail outlets in that district. These retail outlets...initially we had anticipated that there would be the opportunity for the retail outlets to be able to charge another eighth, quarter, half percent, or a percent of sales tax in addition to what was charged in the local community just in that designated district just for paying for the infrastructure. Yes, it is a tax increase but it is a local control. It's not an increase to the state of Nebraska. It's only an increase to the individuals that would, you know, do the shopping or would come to those retail outlets. The retail outlets would have to be good retail outlets. The developer would have to invite good ones so that the people would accept those retail outlets and be willing to spend their money in those areas and be willing to also pay that additional sales tax just because they've developed that district and they'd have the parking lots and stuff like that. When those bonds would be satisfied, that sales tax would go off. Like I had said, if you don't want to pay that sales tax, don't go out to that area. It's a local control. It's a local decision. It's not a state tax increase. That's what I want to emphasize the most. And I think what we're trying to do here is we're trying to not allow... [LB381]

SENATOR HEIDEMANN: One minute. [LB381]

SENATOR STUTHMAN: ...communities to look at another option to help fund their infrastructure in designated areas. What we're trying to do is to say, this is a tax increase. It's not a tax increase to the state of Nebraska. It's a tax benefit to the state of Nebraska because hopefully these retail outlets will get more people to shop in that community, in that area. That will bring that initial tax charge on that new investment to the state of Nebraska so it will benefit the state of Nebraska and will benefit the state of Nebraska because the community has seen an opportunity to develop an area of new outlets, new construction, new sidewalks... [LB381]

SENATOR HEIDEMANN: Time. [LB381]

SENATOR STUTHMAN: Thank you, Mr. President. [LB381]

SENATOR HEIDEMANN: Thank you, Senator Stuthman. Next up, Senator Krist, you have five minutes. [LB381]

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SENATOR KRIST: Thank you, Chair. Thank you, colleagues. I rise in opposition to the bracket for a couple of main reasons. First of all, I would ask you all to pay particular attention to what I'm about to say. If you want an example of how a CID works and how successful it can be, go three hours south to Kansas City and look at the Power and Light District, a district that you couldn't walk through without fearing for your life. Even I would not walk from the hotel down to the best barbecue place in town; I'd take a cab. Kansas City used the same model, the CID which is an SID inside of an annexed area, and they used this model to start a rebuilding project from the sewer system up. An entire remodeling of an inner city area that was brought about because the citizens wanted to bond, the citizens wanted to tax themselves, and it is paying huge--let me say that again--huge dividends in Kansas City. Maybe the bracket will allow us to break down the silos between the Urban Affairs Committee and the Revenue Committee and get together and talk about something that's good for the state. Maybe those silos should have been broken down before. There's been a lot of discussion in Urban Affairs about whether this is good for areas in town. I would note that you should read the paper today and listen to the news because the city council has just dedicated millions of dollars to the Dundee area in the middle of Omaha to do some of this same kind of thing, only it is cosmetic because they're handicapped by not being able to do what they really want to do, and that's start from the sewer system on up and develop their own areas. This is an enabling tool for the citizens of the state to do what they need to do. I don't support the bracket and I urge you also not to. If you do bracket, if we do decide to bracket, I would hope, again, that those silos are broken down between committees and we talk about this as an enabling legislation to help the citizens do what they need to do to rebuild the areas that they wish to. Thank you, Mr. Chair. [LB381]

SENATOR HEIDEMANN: Thank you, Senator Krist. Next up, Senator Schilz, you have five minutes. [LB381]

SENATOR SCHILZ: Thank you, Mr. President and members of the body. Wow! Two times in one day. This is getting to be a little more than I'm used to. I would like to stand up. As I became aware of this bill and what some of the opportunities for my district would be, let me just tell you a little story of what I have going on or what we have going on out there in the 47th District. Out near Sidney, Nebraska, there's an old army depot that...a business spot, and what they've got is a short-line railroad that connects both the Burlington Northern and the UP Railroads and they've got a bunch of warehouses out there that they've used and they've sold to other businesses. Well, they're too far away from town to use TIF. The proprietor of the whole property has put in 5 million of his own dollars to make this work, and he asked me before this session started, is there anything out there that we could use as a tool or like a county TIF kind of thing? And I said, well, we don't have county TIF but I was looking at LB381, I saw this as maybe a vehicle that might work. The thing that makes it attractive to me and to my district and to this specific business or businesses is the fact that you can use it in the county, is the fact that there is no one that lives right there or very few people, and the fact that it

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gives these folks an opportunity to assess a special assessment on themselves to do certain things. And so in looking at that I much agree with Senator Krist that there may be some opportunities here that we may not want to let go. So with that, I would like to stand in support of the amendment and not in support of the bracket motion that's up there today. And with that, I would yield the rest of my time to Senator Rogert if he so chooses. [LB381]

SENATOR HEIDEMANN: Senator Rogert, 2 minutes and 50 seconds. [LB381]

SENATOR ROBERT: Thank you, Senator Heidemann. Thank you, Mr. President. Thank you, Senator Schilz. I want to stand up and say that I'm not in support of the bracket motion but I'm also not in support of putting forth a bill that contains bad policy and bad construction. So if there are issues that can be worked out with this bill, I would work with Senator Cornett and her staff to try and get it handled. She may believe that there is nothing we can do about it this year in this bill to get it worked out, and that's okay. I understand her point of view and that's totally fine. I do think that this is a great tool. And I want to remind everybody that this is a self-taxed system that we're looking at right here. We're looking at other ways to create funding and to create infrastructure development without taking away from the money that's raised by cities, counties, and the state, and this is one tool that I think can be used to do it. We have created a few things in the past to do that. Senator Adams, a couple of years ago, brought forth an occupational tax. We have TIF financing. This is a policy that does not require us to remediate blighted areas. It allows us to do it in more broader fashion. I think it could work out in Grand Island. You could draw one of these districts around the new State Fair Park and fund the things that need to be funded there. Nobody is going to some of these places to save any money and a percent is not going to be an issue. Another spot that I've noticed that this would work good is Benson area in Omaha. You've got venues and stores and restaurants and clubs all up and down several streets. To draw one of these districts around there to allow for the development of the infrastructure... [LB381]

SENATOR HEIDEMANN: One minute. [LB381]

SENATOR ROBERT: ...because the place is torn down. Another area that could use this would be around the new ball diamond downtown Omaha. You could draw a district as wide as you wanted, add a sales tax, and fund revenue bonds, not general obligation bonds but revenue bonds that would help develop some of that infrastructure and make it an attraction and a place for people to go. With that, I'll let some other folks speak. Thank you, Mr. President. Thank you, Senator Schilz. [LB381]

SENATOR HEIDEMANN: Thank you, Senator Rogert. Those wishing to speak are Senator Campbell, Nordquist, McGill, Hadley, Coash, and others. Senator Campbell, five minutes. [LB381]

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SENATOR CAMPBELL: Thank you, Mr. President. Colleagues, I'm going to present a different view than what you have talked about. I support the bracket motion because I believe that while the concepts contained in the bill have very far reaching and perhaps good ideas in them, let's think a little bit about an opposite viewpoint. Last year, we passed the growth improvement district which the city of Lincoln had brought forward. An important component in that was that the sales tax gathered within that was used. In this bill, the sales tax is taxed within a district. Now here is where I have to wear the hat of a small business owner. And let's just assume that Campbell's Nursery is delivering mulch within that district to a business or even a homeowner that could live within a district. Now that small business has to say to homeowner A, you owe additional tax and as a small business owner I have to collect that tax when right across the street I'm going to deliver mulch to a different business, but they're not in the district so I don't tax them. Colleagues, begin to think about the nightmare for a business owner. That business owner is responsible by law then to collect that tax and remit it. Therein lies a huge difficulty. Several years ago, our business and a number of businesses across the state dealt with a construction sales tax. It was eventually repealed by the Legislature because of the enormous cost, a loss of productivity, sheer dollars that it took to enforce that, collect it, and remit it. Please think carefully about what may be contained here for the opposite side of what that business would be required to do by law. And I do say I'd be willing to help. I think there are many good concepts here to protect, but we need to think carefully about how we structure the tax collection. Thank you, Mr. President. [LB381]

SENATOR HEIDEMANN: Thank you, Senator Campbell. Those wishing to speak: Senator Nordquist, McGill, Hadley, and Coash. Senator Nordquist, you have five minutes. [LB381]

SENATOR NORDQUIST: Thank you, Mr. President and members. I rise in strong support of the underlying concepts embodied here. I understand some of the issues that have been raised from Senator Cornett regarding where this bill was referenced and some of the questions Senator Adams had that need to be addressed, but I really think this is a concept and a proposal we need to talk about. And if it's an idea that the Legislature is committed to, to ensuring this kind of development, then we need to go forward and work out some of these details and come to a consensus. I really think this is about moving our state forward. It's about keeping a young, vibrant community in Nebraska. We talk all the time in Appropriations. I know Senator Harms and I have had conversations about keeping young people here in this state and I think this is one tool that we can use to do that. I think it's...my in-laws live in Kansas City. My wife grew up there. We're down there probably about every month and talking to her friends in high school, they think that these attractions at the Plaza, Power and Light District are great places for young people to come and they stay, they stay around the city for their lives. I think the Plaza down in Kansas City, it's got I think around a 10 percent tax rate and the people in Kansas City know that. They know if they're going to buy furniture...I mean,

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they're not going to go buy it at Pottery Barn on the Plaza, although it's still a thriving business, they know that if they're looking to save money, they'll go elsewhere. But the businesses that are voting on this additional tax, they know, too, that they're not going to price themselves out of the market. They need to be responsible when they're voting for this additional 1 cent levy. They're responsive to market forces. And if they think it's too high, then they'll work out something that will keep them vibrant as a community. I think that this gives the cities...gives key areas of the cities a place to really move forward. In Kansas City, it worked so well in the Plaza that they went forward then with the Power and Light District. In just the last few years, \$800 million worth of investment near their downtown business community and through this economy, it's been a complete success. I think with this bill, I think we can move forward, we can keep Nebraska vibrant and moving forward, and ensuring this kind of development. And I look forward to working with members that have concerns, that we can resolve those and move this bill forward. Thank you. [LB381]

SENATOR HEIDEMANN: Thank you, Senator Nordquist. Senator McGill, five minutes. [LB381]

SENATOR MCGILL: Thank you, Mr. President. I'm going to be really brief. I just know that I was cut off earlier when I was talking to Senator Adams and I just wanted to clear up on the mike that a CID does not take away the responsibilities of the municipality to provide the services that they do already or any of the infrastructure. They still have to be spending what they're spending in other parts of town there. So I think it is a little bit different than an SID in that way and I just wanted to have a chance to make sure we get that out there. I also want to encourage continued debate on how we could make this bill better is whether this bracket motion passes or fails. I think that this is an idea that we need to continue to pursue, so please continue to give us feedback and each other and continue the discussion so that we can really develop this idea which I believe strongly, and just as we heard Senator Nordquist and other senators discuss how important it is right now to try to keep people here, to give people a reason to stay here. This is my year number four and I don't feel like we've really done anything yet to significantly try to keep people here. And I believe this is an opportunity. It's worked in other states. We can continue to tweak this language to make it more workable here in Nebraska, but I encourage the debate to continue. Thank you, Mr. President. [LB381]

SENATOR HEIDEMANN: Thank you, Senator McGill. Those wishing to speak on the bracket motion: Senator Hadley, Adams, Langemeier, Stuthman, Cornett, Rogert, and others. Senator Hadley, five minutes. [LB381]

SENATOR HADLEY: Mr. President, members of the body, good morning. I appreciate the opportunity to speak on this. Senator Krist talked about the silos between committees and how we've got to break that down. I guess we could carry that to the extreme. Do we...what do we have, 12, 14 standing committees, something like that, do

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we want each of them determining tax policy for the state? Do you want each committee to take on different tax policy issues or do you want one committee that basically is looking at the whole tax policy picture and trying to make sense of it and trying to come up with a unified plan? So I understand that we don't want silos, but we certainly don't want every committee and we don't want the idea that I'll work real hard to get a tax bill referenced to any particular committee because I might get it out there when if I send it to Revenue, I can't get it out. We heard a bill almost exactly like this bill the other day, and I would guess it won't get out of Revenue on a 0 to 8 vote. I'm just sorry. That's the way it is. Another problem. Would Senator McGill yield to a question? [LB381]

SENATOR HEIDEMANN: Senator McGill, would you yield? [LB381]

SENATOR MCGILL: Yes. [LB381]

SENATOR HADLEY: We've heard a lot of projects with turnback. The Qwest Center, the Lincoln Convention Center. Why wouldn't the city just use that method where they take their share, the city's sales tax, and turn it back to this project? Why do we have to add an additional cent to the sales tax? [LB381]

SENATOR MCGILL: Well, that is another tool, Senator Hadley. And just like all the tools we have here, we can sit and discuss what would be the best option to give to... [LB381]

SENATOR HADLEY: So are you saying that it would be very possible for a city not to be willing to give up its 2 cent sales tax on a turnback but want to increase the sales tax 1 percent in this district? [LB381]

SENATOR MCGILL: Well, this isn't the city wanting to increase the sales tax, it's business owners wanting to improve their own area of town. [LB381]

SENATOR HADLEY: Okay. Well, I'm just wondering why it wouldn't be a turnback process. Another point: competition. I think what we're saying is that 1 percent doesn't make any difference in competition. If I happen to own a small business in this district and I'm opposed to the 1 percent because I'm in a very competitive business and the other people in the district approve it and my competition is two miles down the street, and suddenly I'm charging 1 percent more for my product than my competition a mile away is charging, is that fair? Do we want to get in a position of differentiating between businesses and the amount of tax they collect? I would worry about that. Lastly, we talk a lot about this in our committee, the bill we heard, these bonds aren't going to sell unless they get the city's backing. Developers don't have great track records. Drive around sometime and see how many developments are sitting empty. You think these bonds are going to sell just because the developer says we're willing...what happens if the developer doesn't pay the property taxes, goes belly up? I'll guarantee you that the bond holders are going to want the city's name someplace on that bond indenture to sell

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them, otherwise they won't sell. So you run the risk of having everybody in that city picking up the tab. Lastly, I think it's self-serving when you can get as few as five, four or five businesses deciding that...don't live there, all they do is own property there and they want the ability to add a cent sales tax... [LB381]

SENATOR HEIDEMANN: One minute. [LB381]

SENATOR HADLEY: ...to help them pay for their businesses. They're not paying it. The customers that are coming in are paying it. Those people don't get a chance to vote on it. I think this...I am going to support the bracket motion. I think it's a good motion. Let's get this back. Let's start over. Let's take this in the full context of tax exemptions, tax turnbacks, tax rollbacks, whatever you call them. Let's put this in the queue with everything else so we come up with a good, sound tax policy for the state. Thank you, Mr. President. [LB381]

SENATOR HEIDEMANN: Thank you, Senator Hadley and Senator McGill. Those wishing to speak: Senators Adams, Langemeier, and Stuthman, and others. Senator Adams, five minutes. [LB381]

SENATOR ADAMS: Thank you, Mr. President. First of all, I want to thank Senator Rogert and Senator McGill for answering my questions off the mike. It put me at ease somewhat but it caused me to have new questions. One of the questions I asked was, was there going to be a general obligation on these bonds and the answer is right here in black and white, it's in the amendment. Senator McGill pointed it out to me. No, there won't be. But Senator Hadley stole my fire. If there isn't, who's going to buy these bonds? I guess we...as I heard said in committee the other day, we cannot always protect people from themselves in here, but I think that's a problem. The other question that I had asked about and Senator Rogert properly pointed out to me, I was concerned about design standards. Whether it's curb, storm sewers, streets, water, sewer lines, were they going to be built for the same standard as what the city would ask? And his answer was, yes, and I have no reason to disbelieve otherwise because it's going to be inside the city. What happens, though, if this development is outside of a municipality? What design standards now are followed? And in time as the city grows and starts bumping up against this development just like an SID, now the city says, well, do we want to take on this area? Well, the first question they ask themselves, what's the debt against it? If there's too much debt, we're not going to touch it, we're going to grow right around it. Secondly, the other problem may be, well, if we take it over, we're taking over substandard water system maybe, we're taking over streets that have no curbing, we're taking over septic tanks. You know, maybe that's a bit farfetched, but those things kind of loom in my mind. Another concern that I have and I'm going to address this in the form of a question to Senator Rogert, and I'm going to sit down and he can have the rest of my time. So whether this is in the county or in the city, Senator, I don't have my white board in front of me so I'm handicapped here, but follow me. So we have a

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developer that's knocking on the door of the county board or the city council and says we've identified an area that we'd like to develop in, and part of the problem is the cost of that infrastructure to get us up and going. And if I understand it right that in this bill the city and/or the county board would determine where the lines would be drawn. So I'm going to draw the lines and then inside of that line we're going to put it to a vote of the property owners whether to impose the 1 cent additional sales tax. So one of the things I'm wondering about is, all right, so we've found 40 acres of ground that butts up against the city limits and we're going to draw this line, and basically it's vacant ground, it's owned by one, maybe two persons, but can we draw that line so that it includes the convenience store and the Burger King that are already in operation. And now all of a sudden, bingo, they're inside of here and they each have one vote and the developers got a vote, and they could be negated by the developer because of the fact that he owns so much ground. Maybe you can clarify that for me. But I think there's also a legitimate issue that was brought up by Senator Hadley and Senator Campbell about the spottiness of sales tax if we do this. So in conclusion--I'm going to sit down--(a) if it's done inside the county, outside the city limits, what kind of design standards would there be? And how are these districts created, and is it going to be fair to everybody in that district or those that get included that don't want to be? And I'll yield the rest of my time to Senator Rogert. [LB381]

SENATOR HEIDEMANN: Senator Rogert, 40 seconds. [LB381]

SENATOR ROGERT: (Laugh) Okay. Senator Adams, no problem. I'll try to give as little...I think you're probably right. I think, yes, a district could be drawn and include a couple of areas that...or a couple of businesses. I do also tell you that the areas would be drawn and public hearings would be held, and I think a city council would be definitely not doing themselves the best job if they didn't listen to the concerns of those around, but I also think that maybe the convenience store and the barbershop right there would understand that there may be a benefit to that as well. Of course, there are also still are going to be the same sales tax exemptions that follow through all the way to the... [LB381]

SENATOR HEIDEMANN: Time. [LB381]

SENATOR ROGERT: So thank you. [LB381]

SENATOR HEIDEMANN: Those wishing to speak: Senator Langemeier, Stuthman, Cornett, Rogert, Fischer, and others. Senator Langemeier, five minutes. Senator Langemeier waives his time. Senator Stuthman. [LB381]

SENATOR STUTHMAN: Thank you, Mr. President and members of the body. We have been discussing this not on the floor, but I have initiated a bill, you know, quite a number of years ago and it went to the Revenue Committee and it's been not passed out of the

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Revenue Committee. And it was the transportation development district and it could have been the community improvement district also. But the main issue that I had with trying to establish something like this is the fact that, you know, giving an area an opportunity to build an infrastructure, expand their opportunity for retail outlets, and allowing the users of those retail outlets to help support the funding of that infrastructure, it would, in my opinion, be a user fee. People that would come there and utilize those retail outlets, you know, are willing to pay that extra half a percent of sales tax, you know, just to have the good parking lots and everything like that. It would not be at the expense of the property owners in the rest of the community, and I think that's the important part that I'm trying to stress. Just as the bill we had last year, I think it was Senator McGill's, that created that district where they took a portion of that sales tax for improvements. Also, the issue that I have is, you know, as Senator Krist had stated, it is working in other states. And this was brought to me by developers originally I think four or five years ago, maybe six years ago, of developers that had the experience in, in Missouri, in Kansas City, in that area of the success of those development districts. Now I think, you know, we initially...my impression is we don't even want to consider success of other communities in establishing something like this. We say: Oh, no, no, we don't want that. It's a tax increase. We don't want to look at it at all. But I think we in Nebraska need to look at trying to expand our retail outlets, expand our communities, you know, not at the expense of the state but at the expense of the people that patronize these businesses. Now I also want to make a comment on Senator Hadley's testimony. And he stated, you know, if sales tax was higher in one area than the other area and you would not want to drive to that area. Now I want to bring up an issue that I had before the Revenue Committee. It was the increase in gas tax. The variance in Lincoln of the price of gas I think was 26 or 27 cents from one area of the city to the other area of the city. If that is the issue, why doesn't everybody go to that area where it's the cheapest? They don't. They go to the area where they get the service. They're accepted. They like the community. They go there. They pay the price. Why do they pay the price? Because they like to go to that filling station because they're accepted there. They're appreciated there. They like the area. They like the community. I also would like to ask Senator Cornett a question. [LB381]

SENATOR HEIDEMANN: One minute. Would Senator Cornett yield? [LB381]

SENATOR CORNETT: Yes. [LB381]

SENATOR STUTHMAN: Senator Cornett, you had stated in there that probably no one has ever lived in that district. Would you say that we should develop policy with that in consideration or should we develop policy where there is a potential that there are probably four or five residents still in existence in that district? [LB381]

SENATOR CORNETT: I feel that we should develop a tax policy where not just three people or no one living in a district can impose a sales tax for everyone that has to go to

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that area. This is imposing a sales tax for everything ranging from development to childcare facilities to newspapers to services such as maintenance, cleaning, security officers. Do we want to raise sales tax for security guards? [LB381]

SENATOR HEIDEMANN: Time. [LB381]

SENATOR STUTHMAN: Thank you, Mr. President. [LB381]

SENATOR HEIDEMANN: Thank you, Senator Stuthman and Senator Cornett. Senator Cornett, your light is on next and you have five minutes. [LB381]

SENATOR CORNETT: Thank you, Mr. Chair. There are a number of issues that I have with the bill as drafted. And as I have told Senator Rogert and Senator McGill, I agree Nebraska needs to look at the tools in municipality's toolbox for developing. I have a bill that's coming up that deals with a local option sales tax turnback with a vote of the people; it is not a sales tax increase. First of all, I'm opposed right now to a sales tax increase on anyone. Secondly, I don't think that tax policy in the state of Nebraska should be dictated by private corporations. Thirdly, by creating these districts, you are complicating sales tax collection as Senator Campbell suggested, and it's not just for the local business, it's also for mail order. So someone calls and orders something. The person, if they want to comply with streamline sales tax, has to say, I'm charging you...these are the three taxes you're being charged basically: the state tax, the local tax, and now a separate tax for just that district. It will make the collection of streamline more complicated. I also have concerns in regards to who will sit on...how the wording in the bill is drafted in regards to the broad expanse of powers. These districts will be able to contract, and if you look at page 16...well, let's see, I believe it's 16, no, 15, they can do everything from day-care facilities, newspapers, music venues, arenas, they can contract and use sales tax for services. So if a private developer authorizes the building of a mall, now we're taxing people for the security services at the mall and we're taxing them for the maintenance. There are just a number of issues that I've brought up that I feel that the bill as written is too broad in regards to what we can tax for and who can authorize the tax. Thank you. [LB381]

SENATOR HEIDEMANN: Thank you, Senator Cornett. Senator Rogert is up next. You have five minutes. [LB381]

SENATOR ROGERT: Thank you, Mr. President. I'll go back first and would Senator Adams yield to a question, Mr. President? [LB381]

SENATOR HEIDEMANN: Senator Adams, will you yield? [LB381]

SENATOR ADAMS: Yes, I will. [LB381]

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SENATOR ROBERT: Senator Adams, will you state...will you restate the last couple of questions you had for me briefly? [LB381]

SENATOR ADAMS: Yes, I will. Thank you. The first one, Senator, was and now we're talking about one of these being created outside of city limits. [LB381]

SENATOR ROBERT: Yes. [LB381]

SENATOR ADAMS: What would hold the developer to any degree of design standards that would be compatible with the city in time eventually annexing this area and wanting to acclimate it into its infrastructure? And, you know, that's the first question. [LB381]

SENATOR ROBERT: Sure. And I don't...I actually can honestly tell you I don't think there's anything in this bill today that would do that, that would hold us to any tort of conformity. I don't have any problem putting in some language, though, between now and Select File that says for all construction codes, the nearest local municipality must be met. Does that kind of...would that help you? [LB381]

SENATOR ADAMS: Yes, it would. That clears up that one for me. The other question I have and maybe it's just my own ignorance of our entire tax code, would we be in effect with this giving counties the authority to levy a sales tax which they don't currently have? [LB381]

SENATOR ROBERT: We do allow counties to levy sales tax. We just only have one county so far that's doing it. In Senator Giese's district, Dakota County, actually levies a 1 cent sales tax. [LB381]

SENATOR ADAMS: The county does. [LB381]

SENATOR ROBERT: The county does. [LB381]

SENATOR ADAMS: Not just the municipality? [LB381]

SENATOR ROBERT: I believe that's true. That's the only one that I know that does it at this time. [LB381]

SENATOR ADAMS: All right. Thank you, Senator. [LB381]

SENATOR ROBERT: But otherwise I think you're probably in a sense right. We are allowing counties...businesses within a county to levy a 1.5 cent sales tax. And I think this whole discussion is great. I enjoy it. Once again, the sales tax...and I actually don't have a problem...we've discussed this before but it could be possible to put into this bill that the sales tax is only levied while revenue bonds are outstanding. And that is

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something that we could look at because I believe that Senator Cornett has mentioned, we're taxing for services in a mall. Actually, I think the mall is going to charge you for those services no matter what. The prices are higher because the rents are higher to contract for those services. Where actually...and my intention is to tax to pay for the bonds for the development, and that needs to be more clearly defined in this bill, we certainly can do that because that is the intention, not for the rest of the stuff. Now because my idea is ultimately is once the bonds are paid off, you could definitely let the sales tax go away and you can assess the property owners in the area to pay for those services such as trash collection, security, childcare if that's what it was. When we enumerate those things in the bill, what we're looking for is we want to make sure that we're broadening out the ideas and those intent things could be pulled out because we also say, "but not limited to" in that enumeration. We're trying to get folks to think about what you could develop when you're doing this type of a situation where you're creating one of these districts. What could be included within those? And I think enumerating those items is very important. And I understand Senator Campbell's concern with sales tax collection because I know we do...and I assume that what she's talking about is, we collect the sales tax upon where it's delivered. I think that Nebraska Furniture Mart does the same thing: The sales tax is different if you deliver out in Herman, Nebraska, or if you deliver it within Omaha. I wonder...I'm not sure but I wonder if we can't say that the sales tax is collected only on businesses that generate revenue within the district, that extra sales tax. If we can do that, I'll put that in there and we'll work on getting it that way. Senator Adams also asked about the creation of the district that... [LB381]

SENATOR HEIDEMANN: One minute. [LB381]

SENATOR ROBERT: ...would possibly put in a couple of businesses that may not be for this, and I say to him, yes, that is very true. I think they have a vote, they may not be interested in the extra sales tax. Quite often we all lose a vote now and then and I think that's the way it goes. You have to lobby. You have to work. You have to present your idea and your stance to the board of directors as created and the city council where the district is being created to either have yourself created outside the district or to work hard and try to get the tax on yourself. With that, thank you, Mr. President. [LB381]

SENATOR HEIDEMANN: Thank you, Senator Rogert. (Visitors introduced.) Those wishing to speak on the bracket motion: Senator Fischer, Utter, Wightman, Harms, Coash, Schilz, and others. Senator Fischer, five minutes. [LB381]

SENATOR FISCHER: Thank you, Mr. President and members. I stand in support of the bracket motion and I thank Senator Cornett as Chair of the Revenue Committee for the questions that she has raised about this bill. One would be, who's obligated if the bond fails? And at the end, I would like to yield the rest of my time to Senator Cornett to answer that question. This is a tax increase and I think we need to be up-front about that. It may be for good reasons as determined by the people in that area, but it is a tax

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increase. When we look at the number of districts that can be formed by this, it seems like there's really no limit on that. You can have a business located in one of these districts and they can be located in others. If you look at the statement, the Department of Revenue estimates that this bill could result in sales tax rates in excess of 7 percent. Currently, we have a 5.5 percent state sales tax rate. A city can raise that by 1.5 percent, that's 7 percent. This bill could raise that. We could see tax rates, sales tax rates of over 9 percent. That's a sales tax increase. If you look at Sections 13 and Sections 15 of the bill, the committee statement says that the committee amendment removes the property taxing authority from the CIDs. However, look at those sections because they state that a CID can establish different classes of real property within the districts for purposes of special assessments. Wouldn't that be a property tax? That's a question I have on this. But perhaps the most disturbing thing I find with this bill is that we would be changing tax policy significantly. We would be allowing a small group of people set a tax. If you look at the bill, it says that these districts are created if at least 50 percent of the property owners approve the measure. You know, I thought we were past that in this country. I didn't think you had to be a property owner to make a decision. So if you have 50 percent of the property owners in a district and they may not even live in that district, you know, in fact, they may not even live in the state of Nebraska, they just own property in the state and they can make these decisions. I don't think this body wants to go that direction. This is a complicated issue. This issue should have gone to Revenue Committee and needs a thorough discussion before we all jump on the bandwagon here and go: Oh boy, this is going to be great for economic development. Oh boy, let's let this business put it up. We need a day-care center over here. I personally don't want tax money going for a day-care center. Sorry about that. Let's look at what we're trying to do here and what the purpose of it is and try and craft responsible legislation that can answer that. With that, I would yield time to Senator Cornett. If you could explain, Senator Cornett, if these bonds would fail, what is the recourse and who's responsible, please? Thank you. [LB381]

SENATOR HEIDEMANN: Senator Cornett, 1 minute. [LB381]

SENATOR CORNETT: Thank you. They are not general obligation bonds. I am frankly not sure who the obligation would fall to. These districts could be formed by a nonprofit organization. If the district arena, whatever we're talking about, fails, now you have an area that is indebted. Anyone coming in with no way of paying it off, how do you even sell the property at that point? You've got all of this indebtedness on the building, plus, does the sales tax carry over to the next buyer if this district fails? What is the recourse if it is a financial failure? Who accepts responsibility? How is that property transfer hands and who is responsible for the sales tax? The other thing I'll ask when I have time again, I needed to ask Senator McGill a question but she seems to be away from the mike. With that... [LB381]

SENATOR HEIDEMANN: Time. Thank you, Senator Fischer and Senator Cornett.

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Senator Utter, 5 minutes. [LB381]

SENATOR UTTER: Thank you very much, Mr. President and colleagues. I really hesitate to get up here and poke at Senator Rogert and kick at him when he's already bunged up, but here goes. I have some real concerns about the direction that we are heading with this bill, with the legislation that would allow the origination of the CIDs. I think economic development is good but it has to be done right. And while the intentions of this district are of creating these districts is absolutely pure and good and aids in the development of the city, I have real questions about, number one, the bonding authority of the district and the credit quality of those bonds and, of course, the interest, the accompanying interest rate that would be attached to those bonds given the collateral that stands behind them. And I'd have to tell you that I'm sure the bonding folks, the folks who are going to buy those bonds, are going to look very carefully at the repayment capacity. And going into a development district that maybe is completely undeveloped is just an idea at this stage of the game, not knowing what the type of businesses are going to be that are going to go into the development district, what type of revenues they're going to be able to produce in terms of supporting the bonds, and without any secondary repayment capacity on those bonds, it's problematic, I think, that they could be marketed successfully. Secondly, the whole matter of tax policy concerns me. We're doing a lot of things, a lot of creative things in this state, and some of them are good and some of them are little pieces of tax policy here and little pieces of tax policy there and rollbacks and turnbacks and I'm really concerned that we don't have some type of consistent tax policy that allows something like the CIDs, some other type of financing. I've got to admit to you that the issuance of bonds for a development district is probably all right. The use of a sales tax as the payment vehicle for the payment of those bonds I don't think is all right. I think there must be other ways that we have to find to ensure the repayment of those bonds. And I even think about businesses, for example, that may not collect sales tax. Take a business that largely does their business over the Internet, ships most of the stuff that they sell out of state, doesn't collect any sales tax at all, and yet there were bonds on the district that the payment of which were predicated upon collecting sales tax, there's no payment stream there at all. It just seems like we need to slow down here and take a look at community improvement districts and what we can do to properly finance them, what we can do to legitimately ensure a payment stream... [LB381]

SENATOR HEIDEMANN: One minute. [LB381]

SENATOR UTTER: ...that will pay for those bonds. And when we do that, I think that we can develop something that's good for the state. Unfortunately, I don't think the sales tax is the answer to the repayment of these bonds and certainly I don't think they're going to give any assurance to the potential purchasers of that indebtedness as to their possibility of being repaid. Thank you, Mr. President. [LB381]

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SENATOR HEIDEMANN: Thank you, Senator Utter. Those wishing to speak on the bracket motion: Senator Wightman, Harms, Coash, Schilz, McGill, Stuthman, and others. Senator Wightman. [LB381]

SENATOR WIGHTMAN: Thank you, Mr. President, colleagues. I share many of the concerns that have been voiced already with regard to this type of financing and the ability to levy a sales tax within the district. I also am concerned about the special assessment. I'm not quite sure what the sources of revenue to retire the bonds would be, but I assume that it's both. So perhaps if Senator McGill is available, she could answer some questions in that regard. [LB381]

SENATOR CARLSON PRESIDING

SENATOR CARLSON: Senator McGill, would you yield? [LB381]

SENATOR MCGILL: Could you repeat what you just said and, yeah, I'd be happy to help. [LB381]

SENATOR WIGHTMAN: Senator McGill, now it provides...the bill now provides that the district may levy a special assessment against real property within the district. Then it can also levy a 1 percent sales tax, is that correct? [LB381]

SENATOR MCGILL: Yes. [LB381]

SENATOR WIGHTMAN: Are both of these to be used for bond retirement if bonds are sold? [LB381]

SENATOR MCGILL: Yes. [LB381]

SENATOR WIGHTMAN: Is there any combination or limitation on either of these on how much of it...it could all be, I assume, all could be paid with the 1 percent sales tax? [LB381]

SENATOR MCGILL: Well, I should say that it depends on if it's a nonprofit corporation or a subdivision because there is...I think the nonprofit can only use the assessment, but if it's the other form...I'm sorry, I'm not talking into the mike, but for the other form, it could be either/or, or both. And there is no limitation on that, other than the cap on how much sales tax. [LB381]

SENATOR WIGHTMAN: By nonprofit...let me just give you some examples and you can tell me whether if a YMCA was to be built within an area, would that be... [LB381]

SENATOR MCGILL: I think it's just depends on how the businesses or entities in there

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want to be formed and what responsibilities they want to have. [LB381]

SENATOR WIGHTMAN: Now and I'll continue to seek some answers from you. There is no vote of the residents within the district, is that correct, to establish this? [LB381]

SENATOR MCGILL: There is a vote of whatever...many of these...what we envision isn't really residential areas. We're talking about businesses, and so there often aren't residents if it's just businesses there. [LB381]

SENATOR WIGHTMAN: Okay. So if it's just businesses, there would not be a vote because you require 50 percent of the property owners, don't you, within the district and those representing 50 percent of the property values to sign the petition? [LB381]

SENATOR MCGILL: It's whichever property owners...like in the Haymarket there are a couple of different people who own the property in the Haymarket, so those people would get together and vote. And then the city council has to approve. [LB381]

SENATOR WIGHTMAN: Yes, I understand the city council has to approve, but in all instances, would there be a vote of the people within the district? [LB381]

SENATOR MCGILL: A vote of the property owners, which...I mean, like I said, in many of these cases no one lives in that district. [LB381]

SENATOR WIGHTMAN: As I read it, it looks to me like that by a petition signed by 50 percent of the property owners, which of course is in effect a vote perhaps... [LB381]

SENATOR MCGILL: Yeah, that's what that's supposed to... [LB381]

SENATOR WIGHTMAN: ...but there's no...I don't think there is a separate vote if 50 percent of the people representing 50 percent of the property values and 50 percent of the owners sign the petition, is that correct? [LB381]

SENATOR MCGILL: Yeah, and we could clarify petition versus vote language to make that more clear. [LB381]

SENATOR WIGHTMAN: So then the district may, by resolution, levy a special assessment against all real property within the district, is that correct? [LB381]

SENATOR MCGILL: Yes. [LB381]

SENATOR WIGHTMAN: So in effect it's not much different than a property tax I suspect, is that correct? [LB381]

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SENATOR MCGILL: I suppose. [LB381]

SENATOR WIGHTMAN: Because I assume that's a percentage... [LB381]

SPEAKER FLOOD PRESIDING

SPEAKER FLOOD: One minute. [LB381]

SENATOR WIGHTMAN: ...some sort of a percent...thank you, Mr. President, that's a percentage of the value of the property so it would... [LB381]

SENATOR MCGILL: Yes. [LB381]

SENATOR WIGHTMAN: ...it would be very much similar to a property tax. And that would be of those who signed the petition and those who did not sign the petition. [LB381]

SENATOR MCGILL: Yes, but you have to keep in mind that there's a city council public hearing element of things where those people who are not in the majority have a chance to try to get themselves out of it or just to put up enough of an argument that this shouldn't be created in the first place. I think we've left out that whole element in this discussion. [LB381]

SENATOR WIGHTMAN: Now Senator Fischer raised a question about whether the people even had to be residents of the state. I guess they would not would they if they own 50 percent of the value and 50 percent of the property within the district. [LB381]

SENATOR MCGILL: For the value, yeah. They don't have to be people that live here. They're the people who own the business or the property there. [LB381]

SENATOR WIGHTMAN: Thank you, Mr. President. Thank you, Senator McGill. [LB381]

SPEAKER FLOOD: Thank you, Senator Wightman. (Visitors introduced.) Continuing with discussion on Senator Cornett's bracket motion, we have Senator Harms, Coash, Schilz, McGill, Stuthman, Hadley, and others. Senator Harms, you are recognized. [LB381]

SENATOR HARMS: Thank you, Mr. President and colleagues. I rise in support of the bracket motion. First, I think what Senator Rogert has done here is good. I think it deserves a lot of discussion which we are giving it today, but I think it is going to have to go beyond just the discussion. I think there are a lot of variables that we could add to this that could be good, could be valuable to the economic development of the future, but I think you need to do a lot more studying in regard to this issue and have some

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public hearings on this particular concept and I think from that will come some really good ideas. I don't know how we can argue the fact this is not a tax increase. I mean, I listened two days ago when we argued that fees were a tax increase. It is an increase. No, it's not an increase on the state level but it is a local increase. And I think Senator Hadley was right on target when he brought out very clearly that I think if you have the ability to levy 1 cent more or 1 percent more or whatever it might be towards an item in your mall compared to someone else, I think you're going to have a negative impact because today with the position that our economy is in, people just will take what they can get that's more cost reasonable for them. They're simply not going to walk that direction. So I think it's important that we understand that I think what our hopes would be that this would be...if it would happen to be approved, that it would be good legislation, that it would stimulate the economy, it may not do that. This American economy and the Nebraska economy, you know, is struggling here. And the fact that we could be \$500 million at a minimum in the out-years shortage, you don't think that doesn't have impact on people's minds and the fact that they will go where they can save money and be a part of it. And the last thing they want to have done is for us to authorize during these difficult times the opportunity to increase the sales tax. So I don't think we want to go there and that's the reason why I'm saying this. I think it does deserve more study and I think the idea...there's some good ideas in this, but I think we need to look at it carefully. Mr. President, I would yield whatever time I have left to Senator Rogert if he would like to have it. [LB381]

SPEAKER FLOOD: Senator Rogert, you have 2 minutes 48 seconds. He waives his opportunity to use that time. (Visitors introduced.) Continuing with discussion on the bracket motion, Senator Coash, you're recognized. [LB381]

SENATOR COASH: Thank you, Mr. President. Thank you, colleagues. Appreciate the discussion today. This is what we needed to have. A lot of the things that were discussed today we discussed in the committee when we heard this bill. I wanted to give the body an idea of why I'm very interested in this bill. As we went through the committee hearing, we asked folks who had used these mechanisms, well, who's using this and what are they able to do? Now I want to give you an idea of some of the developments in nearby states and communities that have found this to be a mechanism for them to really jump-start parts of their economy, redevelop areas of their cities, and things of that nature. Kansas City, Power and Light District, if you would have went there eight years ago, you would have found a place you didn't want to be. It was a place you didn't want to be caught after dark, it was a dangerous part of town, and the owners of that...the owners and citizens of that particular neighborhood said we'll take this responsibility, we'll back it, and we'll make responsible decisions. Branson, Missouri, did this to redevelop parts of their city. Parts of the Twin Cities, Minneapolis, used this to redevelop some of their lakeside properties and had some great success. So this isn't new territory, colleagues. This is not something that hasn't been tried. This isn't something that somebody made up just last year and brought it to Senator Rogert.

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This is a mechanism that communities have already found to be successful. And I wanted to make sure we realize that we're not...while this may be uncharted territory in our state, it's not uncharted territory, period. We pride ourselves in this state on being strong on local control, and that's important to our body I believe and it was important to me. And so as we look through this bill, we made sure that that was part of it. Think about the local city councils, county boards that are in your district. Do you trust them? Think about your business owners. Do we trust them? I took a particular interest in this because I represent the Haymarket right here in Lincoln. I met with business owners within the Haymarket, showed them, asked them what could you do with a tool like this? Here are some of the answers that I got: We could have festivals. We could close off...we could use this for infrastructure and provide outdoor seating, outdoor festivals, provide staging. We can do outdoor rest rooms. We can landscape. We can provide security. We can really make...the ideas that they were coming up with just after presenting this were pretty phenomenal. So while they didn't...and I want to be clear, they didn't take a formal position of support, they were very interested in this idea. And I trust their judgment and I trust that they're not going to ask a city to draw these lines if they don't think they can make this work. And finally, I just want to commend Senator Cornett. She said a few times she'd work with the Urban Affairs Committee and work with Senator Rogert if needed to take a closer look at this issue, and I want to pledge my support and thank her for offering it. And with that, Mr. President, if Senator Rogert wants the balance of my time, he may have it. [LB381]

SPEAKER FLOOD: Senator Rogert, 1 minute 17 seconds and counting. [LB381]

SENATOR ROBERT: Trying to make a guy with a bum leg run. I appreciate it, Senator Coash. I appreciate all of the discussion today as well. That is the actual...I'll repeat again that the intention of this is to allow these districts to be formed and to issue the sales tax if they so choose as business and property owners on themselves for the development of infrastructure and for the payment of services that the cities may or may not have the ability to pay for. Once again, you increase the attraction of somebody to come to an area, you're going to have more people come, more people spending money and, thus, you're requiring more services, streets, security, trash, and those things from the cities. This allows for the payment of those services from the funds generated within that area, a user fee of sorts. Thank you, Mr. President. [LB381]

SPEAKER FLOOD: Thank you, Senator Rogert. Senator Schilz, you're recognized. [LB381]

SENATOR SCHILZ: Thank you, Mr. President and members of the body. I'd like to thank Senator Coash for his words. I think they're right on. Let me just...a little more of my story so that everybody can understand. When I was talking about this business in Cheyenne County that's outside of the city limits; it's not able to use TIF funding because it's too far outside the city. Right next door across the border in Wyoming in

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Cheyenne, the Wyoming state government is spending \$30 million to do the same thing that this guy is doing on his own. So the way I see that is if he's on a time line, he's having competition brought to him that others have deemed that what he does is important to not only an individual business but to a state as well. And I would hate to see opportunities like this where they came to me during the interim and said: Hey, we need tools to make this happen otherwise we're going to fall behind. How do we make that happen? Well, what I see today and what's available for this session is LB381. Is it perfect? I'm not sure but I think if we notice, we have three rounds of debate to try and fix these problems. And I would hate to see something that could help my district...and I'll be real honest with you, folks, as far as the sales tax goes, that's not my area. That's fine. Everybody else needs that. It's the special assessment that piqued my interest. So that's where I'm coming from. I'm looking out for economic development in rural Nebraska. I'm looking for trying to find ways to stem the population decline, and I'm looking for ways to strengthen the whole economy of the state of Nebraska. And with that, I would yield the rest of my time to Senator Hadley. [LB381]

SPEAKER FLOOD: Senator Hadley, you have 3 minutes. [LB381]

SENATOR HADLEY: Thank you, Mr. President. Thank you, Senator Schilz. We heard a lot about the Kansas City Power and Light District, how successful it is using this kind of financing. Well, here's some numbers that I just happened to pull up. They missed their projections by 84 percent. Their occupancy is 43 percent of projections. The city sales per square foot are only 63 percent of projections. The city and the state committed \$500 million of city and state financing in this. The city of Kansas City, they will give the city back \$295 million in the bonds. Oh, it is really successful. The city is now going to have to pony up \$7 million more to make the bond payments. Oh, the valuation is in dispute, and that figure has now been pushed up to \$10 million. Kansas City owes \$18.1 million in its current budget to the district's debt service and it owes \$16.8 million and \$20.9 million in the next two years. So this is the successful district that they've used this mechanism? It looks to me, number one, you don't sell bonds unless the city or state puts its name on it, plain and simple. When it goes south, the city and state make up the money, the taxpayer makes up the money. This is the data from the Kansas...the successful Kansas City Power and Light District. Missed projections by 84 percent. I'm sorry, I think...I'm willing to work on this bill. I think we need to bring it back, but I'm concerned about sending it on in the manner it is right now. Thank you, Mr. President. [LB381]

SPEAKER FLOOD: Thank you, Senator Hadley. Senator McGill. [LB381]

SENATOR MCGILL: Thank you, Mr. President, members of the body. For Senator Hadley's recent comments, we miss projections all of the time on most every project that we do or that anybody does their projections. I think that people are forgetting that these are going to be a couple of targeted projects that city councils invest themselves

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in and back. And, yeah, they probably will often be willing to put in some of their own money if it's something that...I mean, if you look at the Dodge Expressway. That's being paid for by taxpayer dollars. If they could have...if some place like Village Pointe could have put an extra .5 percent sales tax on themselves, people don't go to Village Pointe to save money. They've got the most expensive restaurants and businesses out there. If they were willing to do that, then it ultimately would have paid for that project sooner without it being something that Omaha is going to be paying back for a long time into the future. And when it comes to Kansas City, do you know how many Nebraskans drive down there, how many people my age drive down there to have a good time instead of driving up to Omaha? They're driving down there to spend money in a place that's enjoyable, that's lively, that has an ambience to it. I can't think of a single place in Nebraska that has that and why don't we have it? We don't have it because we haven't been thinking big, we haven't been willing to take some level of risk in investment in our own businesses to be able to decide that, yeah, we want to improve Florence, yeah, we want to improve the Haymarket and add more to it. And, yes, that may mean security; yes, that may mean a beautiful mural that is helped to be funded by the sales tax. But if we want people to be coming to Nebraska or staying here, we need to have those things to make people feel like this is a strong community. Right now, we're letting things decay and maybe that's okay with everyone here that we're not willing to think outside of the box and let businesses decide that, yeah, we're willing to invest and perhaps potentially hurt our businesses by increasing...putting a little extra sales tax here, but it's going back to help them. You know, the people in here who have stood up and have been very opposed to this bill are often the people who are usually the biggest supporters of their local businesses. I think that this is an idea that certainly deserves more time and thought. I'd love to have...we did have a public hearing on this last year, not a lot of people came. I don't think...they must have seen how big the bill was and were frightened off. I would love to get more input from the cities across our...and the counties across the state and try to find something everyone can get on board with because from what we have heard is we've gone to them is that there is a lot of potential here that they would be interested in. Another hearing may be appropriate but, I mean, we did have a hearing on this, it did go through the process last year when Senator Friend was still the Chair of Urban Affairs Committee. So I think the process we went through is good but it could be better, we could get more input. But let's just remember that a lot of these areas that are being developed like Kansas City's area were cruddy, unsafe, unbeautiful places no one wanted to go. We have parts of our cities and towns that are becoming that way, places no one wants to go, no one feels safe, there aren't businesses there that they would want to invest in right now or want to go shopping at, and this is a way to try to turn that around. I hope this discussion will continue not just today but whichever direction we go moving forward from here. Thank you, Mr. President. [LB381]

SPEAKER FLOOD: Thank you, Senator McGill. Senator Stuthman, this is your third time. [LB381]

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SENATOR STUTHMAN: Thank you, Mr. President and members of the body. I will give you one of the main reasons that I support the initial concept of the bill, of the additional taxation in a designated area for the people that use that area, use the parking lots, use the streets and sidewalks and stuff like that. It's a user fee. Now I want to talk a little bit about a bill that was in the Legislature I think it was six years ago when the majority of these senators were not here. What would you think of a bill that was a metropolitan area attempting to attract a large business to come to their community? And in order to pay for the infrastructure of that large retail outlet to establish in that community, we would take a quarter or a half a percent of the state sales tax generated in that retail outlet to service the bonds of that retail outlet. Now that would mean that if the state sales tax right now is at 5.5, that quarter percent of that 5.5 that was generated in that outlet would go to service the bonds so that they could come here. I don't think that would fly at all here. It would probably be 30 to 20, 30 to 19. I don't think that would pass at all. But at that time, it was very, very close to passing. I think the vote at that time was within two of passing. There were a couple of us that fought that very hard because the reason that we fought it was because why should an outlet be invited to come to a community and that we would use a portion of the state sales tax to pay for the infrastructure of that retail outlet? Because down the street a half a mile or so was another retail outlet that paid their own way. They built their own infrastructure. They paid for everything and was not subsidized by the state sales tax, and they would be directly in competition with each other. But like I had stated, it just about passed. It was within two votes of passing. This is why I am so impressed and so excited about an additional tax to service that, that does not affect the state tax of it, that does not affect the city portion of the tax, and that does not affect a county portion of the tax. And I want to bring up a little thing now that I mention the county portion of it is, is the fact that in a county, a county cannot issue, cannot have a sales tax if a community within that county has a sales tax. It's the first one to the gun to get the opportunity to charge the sales tax. Let's just say in my own county, Platte County, the county cannot issue a county sales tax because the city of Columbus has an existing sales tax, so a county is ineligible to put an additional tax on there. If there's no community in that county that has a sales tax, then there can be a county sales tax. Then there's a county sales tax. Then the small community cannot put a sales tax on to take care of their community. So with that, I just wanted to... [LB381]

SPEAKER FLOOD: One minute. [LB381]

SENATOR STUTHMAN: I just wanted to explain that, the process of that...because we had looked into it very seriously many years ago when it was on the county board, and the fact is that I am really excited about trying to develop areas and let a user fee, an additional sales tax, in that area pay for that infrastructure and not be assessed to the other businesses in the community that are charging the city sales tax. They're the same as anyone else, but if you're willing to pay a little more sales tax for the utilization

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of that retail outlet or that development district, then you're willing to pay that to have that opportunity to shop in those retail outlets. Thank you, Mr. President. [LB381]

SPEAKER FLOOD: Thank you, Senator Stuthman. Senator Hadley, you are recognized. [LB381]

SENATOR HADLEY: Mr. President, members of the body, I call the question. [LB381]

SPEAKER FLOOD: The question has been called. Do I see five hands? I see five hands. The question is, shall debate cease? All those in favor vote aye; all those opposed vote nay. Have all those voted who care to? Mr. Clerk, please record. [LB381]

CLERK: 26 ayes, 13 nays to cease debate, Mr. President. [LB381]

SPEAKER FLOOD: Debate does cease. Senator Cornett, you are recognized to close on your motion to bracket LB381 until April 14, 2010. [LB381]

SENATOR CORNETT: Thank you, Mr. Speaker and members of the body. Again, I urge you to support the bracket motion on this bill. I'm not saying that the underlying concepts and ideas aren't something that I am willing to sit down and work with. I am very much in support of economic development and giving municipalities tools to develop. I just think this bill is not a good bill. It allows private individuals or businesses to authorize a sales tax increase. It doesn't take into account people that are nonlandowners, renters in the area. And it takes...when you bring up Kansas City Light and Power, yes, it is having economic problems, but that was a joint commitment between the municipality and the business owners. It does have a designated sales tax, but it also has a general obligation on the bonds that were issued. The bonds that we're talking about here are not general obligation bonds. If his business fails, like so many businesses are currently in our economy, what happens to that district? What happens to the people that have bought bonds? How are these bonds even going to be rated? What is the interest rate going to be on them? Who's going to purchase them? And who is responsible for the failed business? In the end, if you have an abandoned building or district sitting in the middle of your municipality, who's going to have to step in and revitalize it? It'll be the taxpayers. I also have concerns in regards to how the bill is drafted, in regards to how the sales tax is supported or drafted. We've had discussions with the Department of Revenue and it would need significant amendments as drafted in regards to sales tax collection. With that, I would urge the body to support the bracket motion. Thank you. [LB381]

SPEAKER FLOOD: Members, you've heard the closing on Senator Cornett's motion. The question before the body is, shall LB381 be bracketed until April 14, 2010? All those in favor vote aye; all those opposed vote nay. Senator Cornett, for what purpose do you rise? [LB381]

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SENATOR CORNETT: I rise to request a call of the house. [LB381]

SPEAKER FLOOD: There has been a request to place the house under call. The question is, shall the house go under call? All those in favor vote aye; all those opposed vote nay. Record please, Mr. Clerk. [LB381]

CLERK: 41 ayes, 0 nays, to place the house under call, Mr. President. [LB381]

SPEAKER FLOOD: The house is under call. Senators, please record your presence. Those unexcused senators outside the Chamber please return to the Chamber and record your presence. All unauthorized personnel please leave the floor. The house is under call. Senator Avery. Senator Cornett, how do you wish to proceed? [LB381]

SENATOR CORNETT: Roll call vote in reverse order. [LB381]

SPEAKER FLOOD: A roll call vote in reverse order has been requested. All senators are present or otherwise accounted for. Mr. Clerk, when you're ready, please read the roll. [LB381]

CLERK: (Roll call vote take, Legislative Journal page 633.) 21 ayes, 22 nays, Mr. President, on the motion to bracket. [LB381]

SPEAKER FLOOD: LB381 is not bracketed. I do raise the call. Mr. Clerk, items for the record. [LB381]

CLERK: Mr. President, your Committee on Health and Human Services, chaired by Senator Gay, reports LB1106 to General File with amendments; General Affairs, chaired by Senator Karpisek, reports LB887 indefinitely postponed; and Natural Resources, chaired by Senator Langemeier, reports LB1057 to General File with amendments. I have two confirmation reports, both from the General Affairs Committee. New resolution: Senator Wallman offers LR332. That will be laid over. I have Senator Langemeier, an amendment to be printed to LB1048; Senator Fischer LB937; Senator Cornett to LB579. Announcement, Mr. President. The Executive Board will meet in Executive Session tomorrow morning at 8:45; Executive Board, tomorrow morning, 8:45. Name adds: Senator Fischer, LB926; Senator Utter and Sullivan to LB931. Senator Langemeier withdraw his name from LB931. (Legislative Journal pages 634-638.) [LB1106 LB887 LB1057 LR332 LB1048 LB937 LB579 LB926 LB931]

And a priority motion. Senator Sullivan would move to adjourn the body until Thursday morning, February 25, at 10:00 a.m.

SPEAKER FLOOD: Members, you've heard the motion. All those in favor say aye.

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Those opposed say nay. The Legislature is adjourned until February 25, 2010, at 9:00 a.m. (Gavel)