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Revenue Committee  
February 17, 2010

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[LB779 LB789 LB851]

The Committee on Revenue met at 1:30 p.m. on Wednesday, February 17, 2010, in Room 1524 of the State Capitol, Lincoln, Nebraska, for the purpose of conducting a public hearing on LB789, LB779, and LB851. Senators present: Abbie Cornett, Chairperson; Merton "Cap" Dierks, Vice Chairperson; Greg Adams; Galen Hadley; LeRoy Loudon; Pete Pirsch; Dennis Utter; and Tom White. Senators absent: None.

SENATOR CORNETT: (Recorder malfunction)...Cornett from Bellevue. To my left is Vice Chair "Cap" Dierks from Ewing. Senator Greg Adams from York and Senator Galen Hadley from Kearney will be joining us. To my far right is Senator Pete Pirsch from Omaha; Senator Dennis Utter from Hastings; Senator LeRoy Loudon from Ellsworth. And Senator Tom White from Omaha will be joining us shortly. Research analysts for the committee are Stephen Moore, to my right, and Bill Lock, to my left. Committee clerk is Erma James. The pages today for the committee are Abbie Greene and Ryan Langle. Before we begin hearings today, I'd please advise everyone to turn your cell phones to either off or vibrate while in the hearing room. Sign-in sheets for testifiers are on the table by both back doors and need to be completed prior to coming up to testify. If you are testifying on more than one bill, you need to submit a form for each bill. Please print and complete the form prior to coming up to testify. When you come up to testify, hand your sheet to the committee clerk. There are also clipboards by the back doors to sign in if you do not wish to testify but would like to indicate either your support or opposition to a bill. These sheets will be included in the official record. We will follow the agenda posted on the door. The introducer or representative will present the bill, followed by proponents, opponents, and neutral. Only the introducer will have the opportunity for closing remarks. As you begin your testimony, please state and spell your name for the record. If you have handouts, please bring ten copies for the committee and staff. If you only have the original, we will make copies. Please give the handouts to the page to circulate to the committee. With that, we will begin the hearings for today. Senator Ashford, you are recognized to open on LB789. [LB789]

SENATOR ASHFORD: (Exhibit 1) Thank you, Madam Chair. And I am...members of the committee, I am pleased to introduce LB789. I do have...and some of you or most of you probably have received these pamphlets about the...I don't know if I could hand them out. But the pamphlets have some information about the 30 or so projects that have been funded across the state as a result of the turnback financing mechanism that this committee and this Legislature adopted several years ago. And I appreciate also this committee's Chairman Cornett and the other members of the Revenue Committee over the last three years in enhancing the turnback mechanism, first of all by enlarging the Omaha turnback to allow for the hotel, and then the other amendments to the turnback last year dealing with the Lincoln project. And I'm hopeful that the voters of Lincoln will vote to approve that project and I am certain that if they do it will have significant positive economic impact for the state. And this committee's and your

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counsel have had a significant part to play in what I think is a very worthy program for our state. Unique to the country. I don't believe that there is any other state in the United States that funds events facilities in quite this way, and so thank you to the committee in supporting turnback financing. This bill is quite simple and I will just very briefly describe for you what it does. It simply increases the amount of a single grant that will go to...could go to a particular type of municipality, from \$1.5 million for a city of the primary class to \$250,000 for a city of 10,000...less than 10,000. And then there's a series of other increases in the bill for other size cities. But again, the Department of Economic Development brought me this enhancement and I certainly urge you to adopt it. It's...it would...each one of these projects has significant meaning to the communities in which they have occurred and have been developed. And again, thank you to the committee for all your support in the past for turnback financing. [LB789]

SENATOR CORNETT: Questions from the committee? Senator Adams. [LB789]

SENATOR ADAMS: Thank you, Senator Cornett. Senator Ashford, what...on the Qwest Center project, what's the term left on that? [LB789]

SENATOR ASHFORD: I believe it's somewhere in the 15-...14-, 15-year range. They were 20-year bonds initially, and I believe they've been...it's been six...six years? And I believe the turnback to the city is in the \$2.8 million range, or slightly close to \$3 million a year. [LB789]

SENATOR ADAMS: Okay. [LB789]

SENATOR CORNETT: Further questions from the committee? Seeing none... [LB789]

SENATOR ASHFORD: I shall waive...with your permission, I shall waive closing. Thank you. [LB789]

SENATOR CORNETT: Of course, Senator Ashford. First proponent. [LB789]

RICHARD BAIER: (Exhibit 2) Good afternoon, Chairman Cornett and members of the committee. For the record, my name is Richard Baier. The last name is spelled B-a-i-e-r. I'm director for the Department of Economic Development and I'm here today to testify in support of LB789, and I want to thank Senator Ashford for introducing this legislation. As proposed, this bill raises the current limits on grants that DED can award to cities or villages under the Local Civic, Cultural, and Convention Center Financing Act. This program was passed in conjunction with the Convention Center Support Fund currently being used by the city of Omaha to fund the Qwest Center project. The Local Civic, Cultural, and Convention Center Financing Fund--and next time we write it are going to find a shorter name--is funded by a percentage of the state tax revenue that is turned back to Omaha to assist with the Qwest Center's repayment. Omaha retains 70

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percent of the turnback revenue and DED retains the other 30 percent for the local fund. The reasons for the proposed adjustments before you today are many. First, the legislation that created the civic and cultural financing fund was passed in 1999. Since then, the cost of construction has far outpaced the rate of inflation. Approximately 50 percent, since then. Raising the maximum grant amounts under this program will allow cities and villages to enhance their communities' amenities by providing significant state assistance to keep costs at the local level very manageable. Some communities we have talked to have said they simply, because of the maximum amount, do not move forward with their planned projects. This program has been important, as outlined in the materials handed out by Senator Ashford. For example, communities with less than 10,000 residents, LB789 would raise the maximum award from the current \$100,000 to \$250,000, again providing an incentive for local communities to be involved in those projects. This is significant because of the 28 projects we have funded, 22 have been to cities in this smallest category. This change could mean outstanding travel and tourism impacts for Nebraska's smallest and most rural communities. Another reason for this legislative proposed increase is the ever-increasing size of the fund. After each grant cycle, the fund has had excess dollars left waiting for the next grant cycle, which is administered every other year by our agency. Along with the increased revenue from the Qwest Center, the city of Lincoln is contemplating a project that would increase and make eligible the Convention Center Financing Support Fund for other projects. It, too, would add funds to our fund administered by DED. To sum it up, the intent of the legislation is quite clear and simple, and it's to allow DED to allocate state funds more appropriately and provide meaningful grant awards that make real impacts in our rural small communities. With that, I'd be happy to take any questions you might have. [LB789]

SENATOR CORNETT: Senator Louden. [LB789]

SENATOR LOUDEN: Yes. Thank you, Senator Cornett. As I was looking at this as your testimony and everything, now the way I understand it, there's always that certain amount of money. There's 70 percent turnback and 30 percent of that 70 percent is supposed to be used someplace else beside the Qwest Center, is that correct? [LB789]

RICHARD BAIER: Those are set aside in this separate fund. That is correct. [LB789]

SENATOR LOUDEN: Okay, now...and you mentioned that the city of Lincoln is looking on a project. Will they be drawing out of that same fund? In other words, will that just be kind of like irrigation water, more people using it so it's...everybody is going to get less? [LB789]

RICHARD BAIER: Senator, I guess those are other bills that probably are things that are going to be addressed by the committee today. In terms of what's here, it doesn't really impact the funding piece. And I think it depends on which model gets approved

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and discussed by you, because there's two or three components to this piece that are out there. But if there was another project approved, it's clear that 30 percent would see an increase also in terms of dollars coming into the state and then were subsequently distributed out to rural projects. [LB789]

SENATOR LOUDEN: Okay. You're telling me then if Lincoln does it they would get some turnback, and that money would go into this same fund, is that what you're saying? [LB789]

RICHARD BAIER: If they had a qualified project under current statute without any legislative change. Yes. [LB789]

SENATOR LOUDEN: Okay. And then where you're raising it, oh, from \$250,000 and, you know, you're raising another \$100,000 or whatever it is, does that mean that there will probably be...would be fewer projects unless there's more money put into it? That would cut down the number of projects if somebody was taking out more money. [LB789]

RICHARD BAIER: It might cut down on the number of projects. Right now, there is excess dollars in the funds. Part of our interest is really matching up the cost of inflation over since 1999, since this legislation was approved, and also to recognize that our projects are getting bigger and we want to fund good quality projects. And sometimes that means we do a few less but we get a little better quality in the long run. [LB789]

SENATOR LOUDEN: You say there is excess money in that fund? [LB789]

RICHARD BAIER: There is uncommitted funds this year. We would go to another grant cycle next year that we've not yet committed. [LB789]

SENATOR LOUDEN: Okay. How much uncommitted this year? [LB789]

RICHARD BAIER: I think it's about \$500,000, \$600,000, Senator. I'll get you a number, an exact number. [LB789]

SENATOR LOUDEN: Well, that's close enough. Yeah, it's good enough...close enough for government work. [LB789]

RICHARD BAIER: Well, no. Well, I'll get you an exact figure, Senator. [LB789]

SENATOR LOUDEN: Okay, thank you. Thank you for your testimony. [LB789]

RICHARD BAIER: Sure. [LB789]

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SENATOR CORNETT: Senator Utter. [LB789]

SENATOR UTTER: Thank you, Senator Cornett. Mr. Baier, the source of these funds is the 30 percent that comes from the turnback tax... [LB789]

RICHARD BAIER: That is correct. [LB789]

SENATOR UTTER: ...that is used for this. As these projects are paid off then there will be less and less funds unless there are additional turnback tax projects... [LB789]

RICHARD BAIER: That is correct. [LB789]

SENATOR UTTER: ...that take care of them. So this has a limited life would you say, or not? [LB789]

RICHARD BAIER: Yes, as it's written now it could very well have a limited life. [LB789]

SENATOR UTTER: Thank you. [LB789]

SENATOR CORNETT: Senator Pirsch. [LB789]

SENATOR PIRSCH: Is there any particular project or anything that you had in mind in coming forward with the bill or is this just in general a lot of the projects you noted (inaudible) the cost of living? Is there something in particular in mind that would be particularly helpful? [LB789]

RICHARD BAIER: You know, one that comes to mind and one that we've been approached by is some folks in Valentine are looking at building meeting space in their community. You know, Valentine has done a really nice job of building a tourism economy, whether you're talking about the Niobrara or you're talking about people who are doing ice climbing or whatever the kinds of activities they're doing up there. And they're pretty short on meeting space, and so that's one that comes to mind. They are in a category because of their population. They've really been limited on the kinds of projects they could undertake and the kind of support they could expect. That would be an example of someone that would benefit significantly by these enhanced funding levels. [LB789]

SENATOR CORNETT: Senator Adams. [LB789]

SENATOR ADAMS: Richard, can you tell me, currently is it municipalities only? [LB789]

RICHARD BAIER: They must be publicly owned facilities. Correct. [LB789]

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SENATOR ADAMS: So a county could make application? [LB789]

RICHARD BAIER: I can't remember. I've got to look at my statute. But if it's municipalities or counties, but it would be publicly owned, and I'll double-check that. [LB789]

SENATOR ADAMS: Okay. Thank you. [LB789]

SENATOR CORNETT: Further questions from the committee? Seeing none, thank you. [LB789]

RICHARD BAIER: Thank you. [LB789]

SENATOR CORNETT: Next proponent. [LB789]

LYNN REX: Senator Cornett, members of the committee, my name is Lynn Rex, L-y-n-n R-e-x, representing the League of Nebraska Municipalities. We're here in strong support of this bill. I think Richard Baier has done a great job of outlining the reasons for it. I mean, clearly since 1999, the cost of inflation is such that the kinds and levels of projects that can be funded really could be increased and enhanced with passage of this bill. And we would hope the committee would be respectful and pass it to General File for consideration this year. Be happy to respond to any questions you might have. [LB789]

SENATOR CORNETT: Thank you, Ms. Rex. Questions from the committee? [LB789]

LYNN REX: Thank you. [LB789]

SENATOR CORNETT: Seeing none, thank you. Next proponent. Are there any further proponents? We'll move to opposition testimony. Is there anyone here to testify in opposition? We'll move to neutral. Senator Ashford has waived closing on LB789. Senator Lathrop, you are recognized to open on LB779. [LB789 LB779]

SENATOR LATHROP: Thank you, Madam Chair and members of the Revenue Committee. I think this may be my first time in four years that I've been in front of the Revenue Committee to introduce a bill, believe it or not, so I'm looking forward to it. Today I'm here to introduce LB779. Oh, I'm Steve Lathrop, by the way, L-a-t-h-r-o-p, here representing District 12 and introducing LB779 which would amend Nebraska's Convention Center Facility Financing Assistance Act so that it could be applied to communities throughout the state of Nebraska. Currently, as it currently stands, the act only has been applied to one project and that's the Qwest Center in Omaha. As introduced, LB779 is somewhat broad and could potentially apply to a wide array of projects. As a result, an amendment has been drafted that would narrow the scope of

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the bill and have the act only apply to new projects throughout the state. If adopted, AM1917--and this is a brand-new amendment, I think we just got it today--would replace the bill and do the following. It would keep the language that's currently in the bill that amends the Local Civic, Cultural, and Convention Center Financing Act to include the rehabilitation of historic buildings as an eligibility activity for financial assistance as well as a portion of the Capitol Environs District. That's the Centennial Mall. It would allow amusement parks to become eligible to receive benefits under the turnback mechanism. Amusement parks would be defined as permanent facilities or parks that operate at least 180 days each year and have a minimum private investment capital requirement of \$25 million. The turnback zone around an amusement park would be 450 yards. It would also allow new sports facilities that are not located in the city of the primary class, which is Lincoln, to utilize two different funding streams generated within 1,000 yards of the facility. First, it would be any increase in state sales tax revenues from retailers that existed 24 months before the completion of the facility. Second, all state sales tax revenue collected by retailers that began operation up to 24 months prior to or 24 months after the completion of the facility. Under the amendment, sports facilities could be defined as any indoor building primarily used for competitive sports that has a seating capacity of at least 3,000 seats or an outdoor sports facility that's located in a county with a population less than 100,000 inhabitants. The amendment makes it clear that there would be no impact on existing facilities, including the Qwest Center, the baseball stadiums currently being constructed in Douglas and Sarpy County, or the State Fairgrounds in Grand Island. The proposed Lincoln Arena project would only be eligible to receive the benefits that were passed in 2008 by the Unicameral. It's come to my attention that we need to modify some of the language to clarify that an arena project in Ralston will be eligible under the act and I'll work with the committee to make those changes. If the changes are made, the Fiscal Office has indicated they will work with me to revise the fiscal note, which is considerable at this point, because of the concern about whether the bill as originally written would allow for some turnback on the baseball stadiums and the Qwest, which it won't after amended. While the fiscal impact may appear somewhat daunting, it's important to remember that any fiscal impact would be the result of an investment in a community project that will assist with generating additional tax revenue. Without this investment, it's likely that this increase in sales tax revenue would not take place. In addition, the investment will create new jobs and additional economic opportunities that will result in additional boost to Nebraska's economy. And with that, I'll answer questions. [LB779]

SENATOR CORNETT: Questions from the committee? [LB779]

SENATOR LATHROP: You know, I probably should get up at this point (laugh). [LB779]

SENATOR CORNETT: Run while you can. (Laugh) [LB779]

SENATOR LATHROP: But, you know, there were questions that Senator Utter had

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which is, what happens to the 30 percent fund when we're done with the Qwest project? The answer is--or the fund--the answer is the state starts to realize all of that sales tax back. The state starts making money off of the investment it made when the Qwest was built, or any one of these projects were built, and the 30 percent fund will dry up unless we create a mechanism for establishing new projects. And that's what we tried to do here. This isn't...and we don't want to have to come back to the Revenue Committee every time a community has a new idea. So what we've tried to do with the bill is to develop a scheme that can be used or a program that can be used by any community, whether it's Hastings, Ralston, Kearney, any community that has an opportunity to build a venue, and it will create or be the focal point for economic development. And as long as we keep doing that, we'll keep putting money into that 30 percent fund that will provide capital for these projects in greater Nebraska and some of the smaller communities Senator Louden was talking about. [LB779]

SENATOR CORNETT: Senator Utter. [LB779]

SENATOR UTTER: You seem to be inviting questions, Senator Lathrop, so I'm going to ask a couple. [LB779]

SENATOR LATHROP: I don't mind them. I don't mind them. [LB779]

SENATOR UTTER: Would you just review for me again the criteria that is going to be in the amended bill to (inaudible). [LB779]

SENATOR LATHROP: Essentially what we expect the amendment to do is look like this. And I have to tell you it was printed...literally as I'm walking down the steps somebody handed it to me so I haven't even had a chance to look at it. But what we expect is it will say there has to be a venue there of some kind. Right? And then there is a circle of businesses that will be generating sales tax on account of their relationship to that venue. They will be buildings or businesses that go into existence within 24 months of the project. So we're not going to drop a venue in the middle of a community and then give them all of the sales tax within a 1,000 or 500 yards, whatever number you use, because some of that was coming to the state anyway. And that's really...really...and I'm going to comment about the fiscal note. We're talking about state sales tax that won't be generated unless a project takes place. Right? If we don't build, in this case it's an arena, if they don't build this arena in this particular community it won't generate additional sales tax. That land will sit there, be used for the uses for which it's put right now, and most of it's an empty golf course. But if this goes in there, it becomes an economic catalyst and creates sales tax that wouldn't be created anyway. But the fiscal impact has to reflect that that money isn't going to the state even though it wouldn't be there but for the project in the first place. So in a traditional sense the fiscal note--and I'm talking to the Revenue Committee about this and may be preaching to the choir--but in a traditional sense a fiscal note tells us what's it going to cost the state. The reality is,



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every fiscal note is essentially a wash in these kind of projects if they are done right and the criteria is thoughtful. [LB779]

SENATOR UTTER: Was there some minimum-sized projects? [LB779]

SENATOR LATHROP: I think this says that it has to have a seating capacity of 3,000 or more. [LB779]

SENATOR UTTER: And so there's a specific...you have a specific project in mind? Is that the impetus for this bill? [LB779]

SENATOR LATHROP: There is...one of the communities in my district, Ralston, does have a project in mind. What we've tried to do is approach this as what's going to be good not just for Ralston but for Kearney, Hastings, Grand Island, any other community that wants to put a venue in and wants to take advantage of this type of financing. [LB779]

SENATOR UTTER: The...the...I guess I'm concerned just a little bit because of the size restrictions that you're referring to as to how useful that may become to York or to a--well, the metropolis of Kearney certainly might be able to use something like that--but a York or a Hastings or a McCook. [LB779]

SENATOR LATHROP: This is...two things. I want to work with this committee and listen to the concerns that you have so that it has more application than just the project that I happen to be working on or looking at today. If it gets better for you and for members of the committee if there is a smaller seating requirement, I'm okay with that. The smaller the facility, if it's a facility that...let's say you build an indoor rodeo rink and it seats 1,000, probably work. The reality is if it only holds 1,000 people, it's not going to generate as much retail around it, and where the right number is certainly I'd be happy to talk to you about that or any other aspect about this. [LB779]

SENATOR CORNETT: Senator Lathrop...oh, I'm sorry. Senator Lathrop, we have worked on this bill together for awhile now, working on the amendment. Is it fair to say that the overall policy intent behind the bill is to establish a mechanism for statewide development... [LB779]

SENATOR LATHROP: Absolutely. [LB779]

SENATOR CORNETT: ...that all communities could utilize? And part of the reason for it being drafted the way it is, is because we want some type of a minimum threshold on these projects so they will generate the retail and the sales tax enough to pay back the bond, and to... [LB779]

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SENATOR LATHROP: That's certainly true. And what we don't want to do is see communities get in trouble with them. And if there is a certain minimum so that we make sure that they are a viable turnback kind of a project, then that certainly should be there whether it's 1,000, 3,000, or even 10,000. [LB779]

SENATOR CORNETT: Can you clarify in the amendment, because I... Did you hand out the amendment to the committee yet? [LB779]

SENATOR LATHROP: No. [LB779]

SENATOR CORNETT: Okay [LB779]

SENATOR LATHROP: I literally got it while I walking down the stairs to come here and... [LB779]

SENATOR CORNETT: Can you clarify to the committee when you say this doesn't...what it does not apply to and that it is only for prospective projects. [LB779]

SENATOR LATHROP: That's the...yes. The one thing that you should be reassured that this is not, the amendment that we're looking at, which seems to be critical to make this thing move, will not provide any additional resources for any of the ballparks, for the Qwest...what else was the concern? I think that's it: the ballparks and Qwest. [LB779]

SENATOR CORNETT: And what about the areas around the Qwest, the zone? [LB779]

SENATOR LATHROP: Yeah, it doesn't change any of that. The amendment will leave all that alone and essentially provide a vehicle for other communities to use going forward without modifying any of the agreements that have been done either with Lincoln or Omaha. [LB779]

SENATOR CORNETT: Okay. Thank you. Further questions from the committee? Seeing none, thank you. First proponent. [LB779]

SUSAN McNEIL: (Exhibit 3) Hello. My name is Susan McNeil, S-u-s-a-n M-c-N-e-i-l, and I'm a resident of Loup County, Nebraska. I'm here today testifying in support of LB779 and especially the portion of the bill which proposes changes to the Local Civic, Cultural, and Convention Center Financing Act. This bill makes two important improvements to the current law that would be very beneficial to our community. First, it expands the eligibility of a community to receive grants from turnback revenues for the purpose of rehabilitating, conversion, or reuse of historic buildings. Second, it allows more than one grant to be awarded to a community over a five-year time period. In our community we have a prominent historic building known as Pavillion Hotel that was constructed in 1887. And if you'll see your Exhibit 1 photo that you've just been handed,

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this hotel was once considered the finest hotel between Grand Island and Rapid City. It is listed on the National Register of Historic Places. It is located directly within the eighth most popular tourist destination in the state, which includes Fort Hartsuff, Burwell, Calamus Lake, Loup River Scenic Byway corridor, that is rapidly gaining popularity as a destination for historical and recreational vacations. The area attracts 399,000 visitors per year according to the Department of Economic Development. The Pavillion Hotel building was undergoing renovation but work has stopped for several years due to the need for economical financing. The concepts proposed within LB779 could help provide a funding source for the completion of the Pavillion Hotel restoration. I have some suggestions for improvements to the bill. One would be to create an additional tier for those counties that are listed among the lowest 250 income counties in the United States. Loup County is on this list, and if you would see your Bureau of Economic Analysis handout 2 that's in your packet, these counties are the ones most in need of economic development projects. A second suggestion deals with ownership. It appears that at least for convention centers that are built with funds from the Local Civil, Cultural, and Convention Center Financing Act, they must be owned by the village itself. I would suggest that for this tier of counties eligibility could be expanded to allow ownership of the building by a nonprofit corporation which would increase the number of funding options needed to satisfy the matching requirements. A third suggestion deals with matching funds. Could consideration be given to decreasing the matching requirement due to the low population of these counties and the critical need for economic development projects? The current law requires a 50-50 match, which is relatively easy in Grand Island or Scottsbluff, but not so easy in a sparsely populated county like Loup. For example, there are 712 people in Loup County living in 289 households. If we could get a \$10 donation from each household in the county, that would only be \$2,890. Even this modest amount would be difficult to try to raise. The people of Loup County are great folks but most families are at the lower end of the economy and have very little left over for donations, even for a worthy cause such as restoring the Pavillion Hotel. Finally, could consideration also be given to increasing the cap for these counties to an amount that allows low-income counties to build a facility which has potential for a large tourist draw? And ideas might include a museum for the sport of rodeo, the history of ranching, or the Nebraska history of a particular breed of cattle. Encouraging Nebraska "staycations" to the Loup County region would be good for the local economy. A bonus would be to encourage out-of-state tourists. In 2007, a study by the State Historical Society stated, "Historic sites and museums bring tourists. Historic sites and museums contribute substantially to Nebraska's heritage tourism. They attract about 3 million visitors annually. Most important, 38.5 percent of these visitors are out-of-state tourists who bring outside dollars with them. And revenue to support the preservation of these places comes from visitors." Thank you for considering these changes to LB779. Do you have any questions? [LB779]

SENATOR CORNETT: Senator Utter. [LB779]

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SENATOR UTTER: Thank you, Senator Cornett. Thank you, Ms. McNeil, for your testimony. Have you reviewed the amendments that Senator Lathrop has said that are come...that are fresh... [LB779]

SUSAN McNEIL: No, I have not. [LB779]

SENATOR UTTER: ...in the basket for this bill and how they may affect whatever your testimony was? [LB779]

SUSAN McNEIL: I haven't seen them. [LB779]

SENATOR UTTER: Thank you. [LB779]

SENATOR CORNETT: Further questions from the committee? Seeing none, thank you. Next proponent. [LB779]

DONALD GROESSER: Thank you, Senator Cornett. I would like to say thanks...my name is Don Groesser, D-o-n G-r-o-e-s-s-e-r, and I'm the mayor of Ralston, Nebraska. And I would like to thank Senator Lathrop for introducing the bill for us. Just to give you a little background, I've never testified in front of the Revenue Committee, so I've been the mayor of Ralston for 14 years, in my fourth term. I've been on the League of Nebraska Municipalities, the executive board; and I've also been the past-president of the Nebraska League of Municipalities. I've had the opportunity to be on the executive board of the National League of Cities and I serve on the advisory board there, and then I was appointed by Governor Johanns to the Economic Development Commission, which I served for six years. So I've had a lot of opportunity. The present and the past offices have provided me an opportunity to meet the elected officials and leaders across the state of Nebraska and from cities throughout the United States. I believe these meetings have given me a special insight to LB779. LB779 provides an opportunity for cities across Nebraska via the sales turnback tax financing to undertake projects that benefit Nebraska overall--economic development efforts. Add the quality of life for communities across the state of Nebraska, while at the same time create projects that create jobs: jobs in construction, jobs in the employment sectors, jobs that would come from the opportunity time at the time when Nebraska needs jobs. Ralston has been given an opportunity to look at developing a small arena which would provide eastern Nebraska with a different venue of functions and activities that doesn't exist today. This project would not be able to happen if LB779 does not pass. An example of how Ralston's arena project would work is that it's a \$25 million project, it's got \$12 million of payroll which would be done in 2010-2011. It creates 327 construction jobs throughout that development period. It creates \$9 million in materials and supplies. It has a 3,500-seat arena. It would create 100 new events in the southeastern part of Nebraska. It would create 13 full-time jobs and 16 part-time jobs and additional jobs for each event. It creates a lot of new development and generates new sales tax. Ralston is not the only

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city in Nebraska this would benefit, and there's certainly a lot of other cities that we would hope this bill will help support. If LB779 does not pass, Ralston's project and many others across the state may not see the light of day. So we would lose the opportunity to have this \$25 million project, \$12 million in labor, and 327 jobs. LB779 does not just benefit a few; it benefits all who wish to bring together the family-friendly entertainment values to their cities. It creates jobs and, as a whole, continue to make Nebraska a greater place to live and to work. The Nebraska Municipalities Larger and Smaller Cities Legislative Committee met on February 3 and voted to support LB779, and on February 16 the league executive board voted to support this important measure. Thank you for your time and consideration and I'm prepared to answer any questions. [LB779]

SENATOR CORNETT: Questions from the committee? Senator Lathrop, in his opening, said that we might need an amendment to his bill or the amendment based on what you were doing. What is that in regards to breaking ground? [LB779]

DONALD GROESSER: We would like to start this project in April or May of this year and have it completed and up and running by November or October of 2011, so is that what...? I'm sure that's what...we just want to get started, so if there was something that would delay the sales tax turnback, I guess. I haven't really read that. I just heard that on the way down here, so. But our project time line is that we would like to start in April or May of this year. We've been having meetings with the developers and we feel we can get it put together in 18 months, so. [LB779]

SENATOR CORNETT: If this bill doesn't pass, are you still moving forward with your project, because there's no guarantee on anything down here in regards to bills with a fiscal note this year. [LB779]

DONALD GROESSER: Yeah. You know, we are looking at all alternatives. We're putting a pro forma together. It's like any business decision, this has got to be good for our city and it's got to work with the numbers. So at this point in time if LB779 doesn't pass, the project is really questionable. And I don't have the answer to that but I would, at this point, think not. [LB779]

SENATOR CORNETT: Senator Pirsch. [LB779]

SENATOR PIRSCH: And if you could give a little more detail about the nature of this specific project. It's a stadium, is that correct? [LB779]

DONALD GROESSER: It's an arena. It's a small arena for 3,500 people is what we're estimating. We probably won't go over 4,000. It will be on the...at the Lakeview Golf Course area. The Lakeview Golf Course is gone and we have 35 acres there within our city. Our city is totally enclosed by Omaha and Sarpy County, so we're looking for the

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best use of this land. [LB779]

SENATOR PIRSCH: What types of events do you foresee, if it is...I mean, how long has this, first of all, talked of building this arena, the initial plans? When they were formulated, do you know? [LB779]

DONALD GROESSER: Oh, we've been working on it for six months, maybe seven months. The events would be concerts, it would be hockey, different venues like that. Basketball. I've talked to the superintendent and he would love to have graduation there, you know, so it would be used for a variety of events. [LB779]

SENATOR PIRSCH: You said hockey, is that right? [LB779]

DONALD GROESSER: Possibly, yeah. [LB779]

SENATOR PIRSCH: And also (inaudible) concerts (inaudible)? [LB779]

DONALD GROESSER: Um-hum. [LB779]

SENATOR PIRSCH: (Inaudible.) Very good. Thank you. [LB779]

DONALD GROESSER: You're welcome. [LB779]

SENATOR CORNETT: Further questions from the committee? Seeing none, thank you. [LB779]

DONALD GROESSER: Thank you. This bill is really important to us as a small town, and I think all the small towns across Nebraska look forward to something like this. So thank you for your time. [LB779]

SENATOR CORNETT: Next proponent. [LB779]

DON HERZ: Good afternoon, Senator Cornett and members of the Revenue Committee. My name is Don Herz and the last name is spelled H-e-r-z. I'm the finance director for the city of Lincoln. I'm here today in support of LB779. I need to qualify that. My comments are based upon the original bill and I haven't seen any amendments. I don't know what impact that may have. Again, this bill provides for changes to both the Convention Center Facility Financing Assistance Act and the Local Civic, Cultural, and Convention Center Financing Act. The one we see is the 70 percent turnback and the other 30 percent. Several of the proposed changes to the Convention Center Facilities would enhance Lincoln's efforts to build the new arena in our Haymarket area. Lincoln would benefit by the proposed change to include retail sales as eligible for state assistance. The other beneficial change would result by increasing the distance for

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determining financial assistance from 450 yards to 1,000 yards. While we understand that there would be fiscal impact to the state as outlined in the fiscal note, there is one change that would not create a fiscal impact to the state and that change is to the Local Civic, Cultural, and Convention Center Financing Act which would permit the city of Lincoln to apply for assistance for the Nebraska State Capitol Environs District. This would provide additional funding for some much needed updates to the areas surrounding the State Capitol. And later you'll hear testimony on LB851, which deals specifically with the State Capitol Environs District, and in particular improvements to the Centennial Mall. We would request that the levels of assistance and the language in LB779 and LB851 be harmonized and consistent. So with that, if you have any questions I will attempt to answer them. [LB779]

SENATOR CORNETT: Senator White. [LB779]

SENATOR WHITE: Thank you for coming today. I was involved actively in the bill to get the enabling legislation for Lincoln to build an arena. And one of the heavily argued about issues was exactly that distance... [LB779]

DON HERZ: Right. [LB779]

SENATOR WHITE: ...and that it not be expanded, because things like existing hotels, like the Embassy Suites and others, would be included. And now you support this bill that we would include inside the ambit of the give-back areas that have been already developed. That's completely counter to the history of that bill and what it took to get passed. So can you explain to me why today we should undo what we did last year in order to get that enabling legislation passed? [LB779]

DON HERZ: Senator White, you're correct. The 450 yards was intended to not include the Embassy Suites. Obviously, the 1,000 yards would include that. You know, we're just saying that if this passes it would benefit our project. We think that we...you know, we have financing mechanisms in place to be able to do the project. But as the CFO for the city, you know, I'm just...you know, if there is additional revenues, it would certainly make the project allow us to pay off the debt sooner, and so that's the reason that...as the bill is currently proposed we would be in support of that. [LB779]

SENATOR WHITE: Well, I mean, the deal was struck very carefully. I mean, if we turn over the checkbook to the state, you could pay off the budget right quick on your project, but you came here as part of the city. You struck a deal. It was negotiated and it was talked about and now you want to retread the deal. And I want to give you a chance to explain to me why we should allow that and why, in my case, I shouldn't feel offended, because I cut deals in good faith based on those decisions and now you're back here again. Do you always intend to come back here? [LB779]

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DON HERZ: No. In fact, I don't know that we were involved in actually changing that distance. It was... [LB779]

SENATOR WHITE: Well, Senator Avery and I had actual conversations on the floor about whether or not the Embassy Suites would be included or not. It was a big deal. [LB779]

DON HERZ: Yeah. And I do remember that discussion. [LB779]

SENATOR WHITE: Okay. Well, thank you for your courtesy. [LB779]

DON HERZ: Sure. [LB779]

SENATOR CORNETT: When you're talking about changing the distance, you're actually referring to LB851, correct? [LB779]

DON HERZ: No, I think LB779 changes the distance from the arena that... [LB779]

SENATOR CORNETT: Were you here when Senator Lathrop described what his amendment does? [LB779]

DON HERZ: No, I was not. [LB779]

SENATOR CORNETT: Okay. Well, after the hearing possibly you might want to get a copy of that amendment, because I believe it would exclude that. [LB779]

DON HERZ: And I think I mentioned that in my testimony that this was based upon the original bill. I don't know what those changes are. [LB779]

SENATOR CORNETT: Okay. Thank you very much. Further questions from the committee? Seeing none, thank you. [LB779]

DON HERZ: Sure. [LB779]

SENATOR CORNETT: Next proponent. [LB779]

PAM SPACCAROTELLA: Good afternoon, Senator Cornett and members of the Revenue Committee. I am Pam Spaccarotella, city finance director for the city of Omaha. Last name is spelled S-p-a-c-c-a-r-o-t-e-l-l-a, and I have the same comments as Mr. Herz about the bill. I guess what I would like to do is separate it into two components. I'd like to talk about the original bill, LB779, and then also talk a little bit about Senator Lathrop's amendment. So I think what I am here today to tell you about is the, what I feel, is the tremendous success story of the Qwest Center. And the Qwest



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Center is one of those stories that, where the state came together with the city to provide an additional revenue stream to help get the project off the ground. And here we are, years later, and we have this tremendous Qwest Center that is growing, creating economic development within the city of Omaha. And it's just one of those success stories that we talk about and hope that LB779 is going to provide in the future. One of the things I do want to point out is that when the city of Omaha originally came up with the financing for the Qwest Center turnback tax was part of the financing stream, along with several other revenue streams. And shortly...I wouldn't say shortly. About five years into the project it became aware to the city of Omaha that the financing sources were not going to materialize the way they had originally intended, and so one of those streams that hasn't materialized as originally intended is the turnback tax. And we originally had projected \$75 million, and our revised projections give us in the neighborhood of \$40 million over the life of the project. So we're short about \$30 million in turnback tax. We're also short in a bunch of...several other areas. And so this last budget process, we went through and we actually increased our property tax in order to provide an additional revenue stream for the Qwest Center debt. With that in mind, what I'd like also to point out is I'm not just here talking about the city of Omaha and the funding for the Qwest Center, but I'm also going to talk about what that turnback tax is doing for outlying areas as well as within the city. I think many of you are aware that the 30 percent goes back to fund additional projects that are not within the city of Omaha. And some of the areas that have been impacted in a positive manner, we've had the Heartland Event Center in Grand Island, we've had the Museum of Natural and Cultural History in Hastings. We've had civic improvements in Arnold, Maywood, Gering, Bancroft, Fremont, and many other areas across the state. So obviously the turnback tax is a very positive thing, not only for the city of Omaha but for also the state of Nebraska. Additional revenue that comes from the turnback tax, we take 10 percent of that and we also invest that in our low-income areas in north and south Omaha. And this past year we actually gave grants in the neighborhood of \$250,000--\$125,000 to each one of those areas to some neighborhood associations and community action groups within those economically depressed areas. So the turnback tax not only affects the Qwest Center and the debt on the Qwest Center, but it also affects Nebraska and the economically depressed areas in the city of Omaha. With that in mind, LB779 is going to or could potentially increase the area for the turnback tax from 450 yards to 1,000 yards. And it could also define or increase the definition of the facilities that qualify for the turnback tax. So as originally prepared, the city of Omaha, of course, would be in favor of any additional turnback tax to help pay off the Qwest Center debt, which we will continue to pay until the year 2027. With respect to Senator Lathrop's amendment, I think the city of Omaha would be initially opposed to that amendment when it excludes not only the Qwest Center as well as the stadium. Originally, our...initially, our plans are not to ask for turnback tax with respect to the stadium because it isn't seen as a necessary revenue stream. But we don't want to exclude any specific projects, and particularly when we see a 5 percent growth in the economic area or the sales tax that the Qwest Center is providing to the state. With that, I would like to

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open up for any questions that you might have. Senator White. [LB779]

SENATOR CORNETT: Senator White. [LB779]

SENATOR WHITE: Let me understand. You oppose Senator Lathrop's amendment on his own bill? [LB779]

PAM SPACCAROTELLA: We do. [LB779]

SENATOR WHITE: Okay. Good luck with that. [LB779]

PAM SPACCAROTELLA: Okay. Thank you. [LB779]

SENATOR CORNETT: Further questions from the committee? Senator Adams. [LB779]

SENATOR ADAMS: Can you refresh my memory, and if you can't I can ask off the mike, but didn't we do some kind of a refinance bill for the Qwest Center a couple of years ago? [LB779]

PAM SPACCAROTELLA: Yes, we did. [LB779]

SENATOR ADAMS: Can you tell me--refresh my memory--what was that? [LB779]

PAM SPACCAROTELLA: I might have to turn to Senator Cornett, but it's my understanding that it changed the way the turnback tax was calculated, and it was much more cumbersome, I believe, before the amendment. And if you want to speak to that, I... [LB779]

SENATOR CORNETT: The turnback originally was more heavily reliant on the hotels. The conventions didn't materialize like expected after 2001 and 9/11. So they switched...we switched the emphasis from the hotels on the turnback to the events booked at the Qwest Center. [LB779]

SENATOR ADAMS: Oh. [LB779]

SENATOR CORNETT: To try and solve the issue of the shortfall between what was originally expected and what their projected revenues were going to be. Senator White. [LB779]

SENATOR WHITE: I think it was that we had tied it, hadn't we, Senator, to people who came in from out of town... [LB779]

SENATOR CORNETT: Yes. [LB779]

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SENATOR WHITE: ...and the burden was on the city to demonstrate that the income stream would not have been spent otherwise. Well, you can't track them if they come to the Qwest Center; they don't give you their ID when they go buy a coke. So we broadened it to include...and it was clear that the Convention Center had not done well but the arena had blown away all expectations, so we retweaked that, for that, as I recall, Senator. [LB779]

SENATOR ADAMS: Thank you. [LB779]

SENATOR CORNETT: Senator Pirsch. [LB779]

SENATOR PIRSCH: And my understanding, that included the hotel, too, for the first time? [LB779]

SENATOR CORNETT: Yes. [LB779]

SENATOR PIRSCH: Not just the arena, but the hotel. Then the revenues would also be in turnback fashion. Are we able to...and I don't know if you'd be in the best position to know this, but are we able to quantify the success of the Qwest Center at this point in time in terms of, in any terms, of additional creation of revenues or attracting visitors, however? I mean, are any hard statistics known at this time, or is it just too early in the process? [LB779]

PAM SPACCAROTELLA: I think that I could check with our director of Conventions and Visitors Bureau and she could probably provide you with that information. [LB779]

SENATOR PIRSCH: Right. Super. [LB779]

PAM SPACCAROTELLA: Sure. [LB779]

SENATOR PIRSCH: Appreciate that. [LB779]

SENATOR CORNETT: Just a couple quick questions. [LB779]

PAM SPACCAROTELLA: Sure. [LB779]

SENATOR CORNETT: You said that you have increased your property tax base to meet that shortfall between the projected turnback and what you actually are getting--that shortfall for the bond payment. Correct? [LB779]

PAM SPACCAROTELLA: Yes, we did. [LB779]

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SENATOR CORNETT: So when you're talking about leaving the bill as it is and increasing that distance, you're not actually talking about paying off the bonded indebtedness any longer, are you? That money that you would receive. [LB779]

PAM SPACCAROTELLA: The additional turnback tax would go to the debt service fund to help pay back the Qwest Center debt. [LB779]

SENATOR CORNETT: And then would you lower the property tax? [LB779]

PAM SPACCAROTELLA: I would not...I would not preclude us from doing that, no. [LB779]

SENATOR CORNETT: And why do you feel the stadium ought to be included, when all along we've heard the stadium will pay for itself; we don't need to include it in the turnback. [LB779]

PAM SPACCAROTELLA: I believe my testimony stated that it's not our intention at this point in time to apply for the stadium. [LB779]

SENATOR CORNETT: But that you did not wish to preclude that option. [LB779]

PAM SPACCAROTELLA: Yeah, I think that this should be a broad bill. That it should provide opportunities for not only the city of Omaha but all cities to use this turnback tax in order to fund additional projects. So I don't want to put limiting wording in the statute or the legislative bill that would preclude us at a future date and having to come back to redefine the facility. [LB779]

SENATOR CORNETT: The problem with that is that, as the city of Omaha, the state has declining revenues. And if we're talking about including things that already exist rather than prospective, we're actually talking about eroding the current tax base that we have if we include that, go out to that 1,000 yards for existing buildings. Correct? They're already there. They're already paying taxes. [LB779]

PAM SPACCAROTELLA: They are. [LB779]

SENATOR CORNETT: We're not incentivizing new businesses. [LB779]

PAM SPACCAROTELLA: But one of the testimonies I heard here today was that, from Senator Lathrop initially, is that this tax would not be here if it were not for the facility that was generating the tax. And one of the great things about the bill that he has proposed is that the retailers has a limitation in there so that it won't include retailers that are in existence before the facility itself is completed. And I think that's a great way of measuring which sales tax is attributable already to the state and which sales tax is

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attributable to the increase in the facility. [LB779]

SENATOR CORNETT: Senator White. [LB779]

SENATOR WHITE: Well, let's get the time line straight here. My problem with the city of Lincoln is we build a project based on existing tax structures. They said it was viable. They're going to put it to the people and see if it is. The city of Omaha chose to build the Qwest. Things changed. We adjusted it. The city of Omaha chose to build a baseball stadium, but now the city of Omaha is coming in here and saying the stadium ought to be included even though it's already built. What Senator Lathrop said, just so we're right about what was being said, is projects that haven't been okayed, they haven't been broken ground, that aren't under construction, won't exist without this bill. That's a whole lot different than saying this bill should exclude...include things like the stadium that's already 50-60 percent constructed. Or the city of Lincoln arena which is well-drawn, already defined, and going to a vote of the people and it will be up or down. So let's not misstate what happened here. I think what he's saying is a project in Ralston will never occur unless this bill passes. You're trying to expand the scope, if I understand it, to projects that already exist. Isn't that correct? [LB779]

PAM SPACCAROTELLA: I'm trying to incentivize the cities to reinvest in their communities and reinvest in these projects. And if they're the ones that are creating the facilities that are generating the additional tax, then they ought to be rewarded for those types of revenue streams. [LB779]

SENATOR WHITE: Whether or not these facilities exist before this bill was passed or not. Is that what you're saying? [LB779]

PAM SPACCAROTELLA: Yes. I don't think it should be limited to whether or not the construction has already began. The stadium...and I don't want to get hung up on the stadium because it is not the city's intention to ask for turnback tax with respect to the stadium. What... [LB779]

SENATOR WHITE: Well, not currently, but if it qualifies, believe me, you'll be down here. [LB779]

PAM SPACCAROTELLA: I don't think that we will, Senator White, and I just...I guess I don't want to be argumentative. What... [LB779]

SENATOR WHITE: Neither do I. [LB779]

PAM SPACCAROTELLA: Okay. What I... [LB779]

SENATOR WHITE: But I have a problem with us being asked to give laws to incent

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certain projects, saying it won't happen, the projects occur. And now we're coming back for more and more and more. I mean....you know,... [LB779]

PAM SPACCAROTELLA: It's not the city of Omaha's... [LB779]

SENATOR WHITE: ...should we pass an incent law for the Civic Auditorium or Lincoln Pershing Center? They've been there for 40 years, 50 years. [LB779]

SENATOR CORNETT: Further questions...oh, I'm sorry. [LB779]

PAM SPACCAROTELLA: I'm sorry. I just want to make sure clarification is that we are asking for the turnback tax, the turnback tax as designed in order to provide a turnback of the sales tax that is generated by the facility. The stadium is not yet complete. We are not planning on applying for the turnback tax with respect to the stadium. But if there was another project within the state that was halfway complete, then if they're going to be the generators of that additional revenue stream then I would ask that they also be included in this types of legislation. [LB779]

SENATOR WHITE: Okay. And so Omaha should be treated like other cities. But if we cut them out, then Omaha doesn't...has no complaint because you're not going to apply for it anyway for the stadium, correct? [LB779]

PAM SPACCAROTELLA: That's correct. [LB779]

SENATOR WHITE: Okay. Fair enough. Thank you. [LB779]

PAM SPACCAROTELLA: You're welcome. [LB779]

SENATOR CORNETT: Further questions from the committee? Seeing none, thank you. [LB779]

PAM SPACCAROTELLA: Okay. Thank you. [LB779]

SENATOR CORNETT: Next proponent. [LB779]

LYNN REX: (Exhibit 4) Senator Cornett, members of the committee, my name is Lynn Rex, L-y-n-n R-e-x, representing the League of Nebraska Municipalities. And I do have a letter from South Sioux City in favor of both LB779 and LB789. The league executive board has voted unanimously to support the green copy of LB779, and my comments will address that because I have not had a chance to review, in any detail, the amendment. We do strongly support this. We think that the turnback sales tax has not only been a tremendous project for Omaha with the Qwest Center, but it's done some fantastic things across the state, as well. And Senator Utter, I believe you were the one

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that talked about, I believe asked the question about counties. It is only municipalities that are eligible for those grant funds. And just to give you some idea of the types of projects that have been funded, in FY2004-05, the following projects were funded: Heartland Event Center, Kimball Event Center, the Museum of Natural and Cultural History in Hastings, the Community Center in Arnold, Community Hall in Miller, White Horse Museum in Stuart, Municipal Auditorium in David City, a Community Hall in Maywood, Nebraska. In 2008, because frankly in 2007 is when the Legislature passed LB551, which was the bill that both Senator White and Senator Cornett have discussed about clarifying what types of revenue or basically qualify under this, and that just has generated a tremendous amount of funds, obviously, for paying back the Qwest Center bonds, but also for the Local Civic and Cultural Fund, as well, So by 2008 then, more money had been generated and the following 12 municipalities received funding from that: the Gering Civic Center, the Humphrey Community Building, the amphitheater in Walnut Park in Papillion, a scenic park in South Sioux City, Atkinson Community Center, Creston Community Center, Bancroft Community Building, Firth Community Center, Kennard Municipal Auditorium, Carnegie Center in Randolph, Tobias Library and Museum, and the Tekamah Library. And again, because of the passage of LB551, which we so appreciated you folks doing in 2007, there were an additional eight municipalities that received funding in 2009, and those were as follows: the Brownville Opera House, the Cairo Community Center, the Fremont City Hall Bandshell, Odell Rice Lodge and Conference Center, Beaver City Civic Center, Blue Hill Community Center, Dannebrog Community Center, and the Stapleton Community Center. And we did support the prior bill because there were funds left over. We do know that there are other municipalities across the state that are, as we speak, getting their grant applications ready. This has done great things all across the state of Nebraska and we do support the green copy of the bill. That doesn't mean we don't support the amendment. We just don't know. We'll have to have time to review that. But I'd be happy to respond to any questions you have and certainly hope the committee will move forward in working on this bill. [LB779]

SENATOR CORNETT: Senator Pirsch. [LB779]

SENATOR PIRSCH: Thank you. And I appreciate that. I'm trying to get, again, a more fuller background and understanding. With respect to the 30 percent of the turnback tax that's reserved for, I guess for lack of better words, outside of the metropolitan Omaha area. Is that...how is that reflected...I mean, what is the exact terminology that's used in the bill? Do you know what the limitation is for that 30 percent of funds? [LB779]

LYNN REX: Yes. [LB779]

SENATOR PIRSCH: How is that expressed? [LB779]

LYNN REX: Well, the way that it's expressed in the bill is based on thresholds. And in

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the prior bill you actually are changing not the threshold; the population threshold, Senator. But the previous bill that you discussed is changing the amounts that municipalities within those thresholds could receive. [LB779]

SENATOR PIRSCH: Okay. So there's nothing... [LB779]

LYNN REX: And so basically it is stratified. [LB779]

SENATOR PIRSCH: Okay. There's no geographical in the bill. [LB779]

LYNN REX: No, it is not geographic. No. [LB779]

SENATOR PIRSCH: It just says all cities are eligible except for I note there's no metropolitan. [LB779]

LYNN REX: All municipalities. [LB779]

SENATOR PIRSCH: Oh, municipalities. [LB779]

LYNN REX: All municipalities are eligible. And currently not Omaha. [LB779]

SENATOR PIRSCH: Right. [LB779]

LYNN REX: That doesn't mean Omaha shouldn't be, but currently not Omaha. [LB779]

SENATOR PIRSCH: It's a city of the metropolitan class... [LB779]

LYNN REX: That is correct. [LB779]

SENATOR PIRSCH: ...and that's not expressed in the bill, eligibility. So... [LB779]

LYNN REX: And we have five classes of cities and five forms of government. [LB779]

SENATOR PIRSCH: Yeah. City of the primary class is, though, correct? I mean, that's eligible? [LB779]

LYNN REX: That is correct. [LB779]

SENATOR PIRSCH: Would that allow...and that would be Lincoln, correct? Would that be? [LB779]

LYNN REX: That is correct. [LB779]



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SENATOR PIRSCH: Okay. So they would be eligible for the partaking in the 30 percent then. [LB779]

LYNN REX: And the reason why that happened, historically, is because when the Qwest Center bill originally passed it was just the, obviously, the turnback sales tax just for Omaha. [LB779]

SENATOR PIRSCH: Yeah, understood. Sure. I noticed in the instances or examples that you gave, there was event centers, museums, auditoriums, libraries, lodges, and civic centers. And I might be going a little bit afield of the bill, but I just had a question. With respect to that 30 percent, is that...must that be spent for buildings or structures? Is that a requirement in applying for the grants? [LB779]

LYNN REX: In essence, yes. They have...the regulations that have been put out by DED outline the types of buildings and the types of convention-center-type projects. I mean, you...it has to be something that's going to be for a cultural event, something for tourism, or a convention-center-type facility. So...and the way that this works is this is based on first-come, first served. It's the only fund like it in the state of Nebraska. It is first-come, first served. If you're a municipality and you have a project that qualifies--and obviously you have to qualify--but if you meet the qualifications, you will be funded in the order in which those applications were received. [LB779]

SENATOR PIRSCH: Okay. And in your opinion, is that...when you...because you represent a broad array of municipalities, and the question is, is that...is the requirement or the form has to be within the context of a building or structure? Does that preclude certain cities or municipalities then from being able to access that? Would it be better, in other words, to have a more flexible type of grant process so that you're not limited just to expending the monies? And this is a little bit afield from it, but I just wanted to get your viewpoint on that. Is that something you've talked... [LB779]

LYNN REX: Our board has not discussed that per se, but I guess my personal opinion and that's all it is for whatever that's worth, is that flexibility is also a wonderful thing. But I know that historically the reason why this was tied down and drafted so tightly was because, just like with the Qwest Center, the Legislature at that time wanted to make sure that there would be some actual infrastructure, some actual...something to show for it, if you will, as opposed to just a singular event that we had that we attracted so many people to our community on X date. [LB779]

SENATOR PIRSCH: Very good. Well, thank you for that fact. I appreciate it. [LB779]

LYNN REX: You're welcome. [LB779]

SENATOR CORNETT: Senator White. [LB779]

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SENATOR WHITE: Ms. Rex, one of the earlier testifiers asked that this be broadened to allow more than one project in five years. But that was an essential part of the element, to make sure this money was spread, as I recall, evenly across the state. Some of the small towns don't have the planning departments, they don't have the resources or skills that other towns have access to. Does the league, do your clients have a position with regard to whether or not we should get rid of that limitation of no more than one project every five years? [LB779]

LYNN REX: Well, that was discussed at a board level and we do support the change. One thing I would suggest though, is if you're not comfortable with that, you could also look at indicating that if you...basically the funds would go first to those municipalities that have not already received funds. But if you have funds left over, for example, the \$500,000 roughly, that was left over this last time, then those municipalities that have already been back...have already had access to those funds could access that pot of funds. Do you see what I'm saying? [LB779]

SENATOR WHITE: I do, but again that would limit the size of the projects that the other towns might be eligible for. [LB779]

LYNN REX: That's true. [LB779]

SENATOR WHITE: Part of the essential financing under this is that pot can grow from year to year, and if you have a town that has a really good project but it might cost a million dollars, they could actually try to get that funded, the whole amount. Do you see what I mean? [LB779]

LYNN REX: Yes, I do. [LB779]

SENATOR WHITE: And so is your board really convinced that that's the right thing to do? Because this is supposed to benefit all of Nebraska, not just the quickest and the most savvy of the cities. [LB779]

LYNN REX: I do appreciate that. But the board did discuss it and I think partly, Senator White, the reason was because there was...there were funds left over, and that's...in the discussion that was one of the considerations that the board had in supporting it. [LB779]

SENATOR WHITE: God forbid we should have some public money we didn't spend at the end of the year, huh? [LB779]

LYNN REX: Well, and of course what the board position is, is my position. [LB779]

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SENATOR WHITE: Certainly. I understand. And thank you. [LB779]

LYNN REX: But your point in the historical viewpoint is accurate. [LB779]

SENATOR CORNETT: Further questions from the committee? Seeing none, thank you. [LB779]

LYNN REX: Thank you very much. [LB779]

SENATOR CORNETT: Next proponent? Are there any further proponents? Are there any opponents? Is there anyone here to testify in a neutral capacity? Senator Lathrop, you're recognized to close. [LB779]

SENATOR LATHROP: Thank you. Well, when the original bill was drafted, Senator Ashford and I had been working on this through the interim and there were a lot of ideas that went into it. Some thoughts about is there something that makes what's going on near the Qwest more fair in a pure turnback situation? Some of that stuff gets into the bill. We...I introduced the bill and immediately began to work on amendments, and it became clear to me that, given our economic circumstances, that this wasn't the time to try to fix the situation, assuming there is a situation, in Omaha to make a modification to the deal in Lincoln. What we're trying to do with this bill is not to change Omaha's situation, not to change Lincoln's situation. So the amendment that I want to work with you on, this committee on, is going to be to try to set up what do these things need to look like for people to take advantage of them. We do this all the time over in--uh--Urban Affairs. (Laugh) I drew a blank and I sit in that chair during it and I...you know, Senator Adams had some bills in there that we take up and how do we help the cities, you know? It's not just...it's not all about Omaha and it's not all about Lincoln. I can't believe I'm saying this, but it's not. It's about Kearney and York and Hastings and all of the communities across the state, and an opportunity for them to use a tool that has been used in Omaha. And now when they come...when Omaha comes back in and says we need a little bit more money, it doesn't sound like the tool works that well. We do it on the scale that we're talking about with an amendment. I intend to visit with each of you about your concerns. I intend to make this my priority. This will be my priority bill, my personal priority. Okay? I know you haven't kicked it out yet and I don't expect you to do that by Friday. But I do intend to make it my personal priority. It is important so that the municipalities across the state have an opportunity to use a tool much like Omaha has or Lincoln has because what we're talking about is bringing people in from out of state, whether it's an ice arena in Omaha and they bring in teams from out of state and their fans follow them here and spend money, or you name it, but whatever might be the right type of a venue in your community. It's something that we need to do. And I'll work at the amendment so that we pare it down to make it something everybody is comfortable with. So that's my assurance. I look forward to working with the committee. And while I appreciate the testimony of Lincoln and Omaha, they didn't have

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the amendment. I understand why they came down here. It really, in the end, wasn't that helpful for what we're trying to do or what ultimately we can get away with as a practical matter in this economic time. So with that, I'll answer any questions. [LB779]

SENATOR CORNETT: Senator White. [LB779]

SENATOR WHITE: Senator, and I want to ask you about that. This is the first time I've ever heard anybody come in and testify against a senator's amendment on his own bill. I mean, I've only been here three and a half years. Do you think your amendment makes the bill better or more feasible? [LB779]

SENATOR LATHROP: I think what it does is it makes it more feasible given our circumstance. Maybe if we looked at the concept of turnback generally in a Qwest or in a metropolitan area, big arenas, maybe there is something that needs to be tweaked. But clearly this isn't the time to do it. And what we're just trying to do with this bill is to provide cities of the--it's not just cities of the first class but typically cities of the first class--a tool much like we'd do when we're working over in Urban Affairs and trying to provide ways for economic development in our other smaller cities. [LB779]

SENATOR WHITE: Thank you. [LB779]

SENATOR CORNETT: Senator Lathrop, I just wanted to clarify a couple of points that you and I have discussed when working on the amendment, that it is your intent with this bill and with the amendments not to touch any existing revenues, but look at creating a tool for communities to use to build facilities, and then that the fiscal note from that would simply be turnback on taxes that we do not currently receive. [LB779]

SENATOR LATHROP: That's it. That's the whole point of this bill. And turnback generally is kick back the state's sales tax on sales tax they wouldn't have but for this facility. [LB779]

SENATOR CORNETT: Further questions from the committee? Seeing none, thank you. [LB779]

SENATOR LATHROP: Thank you. I appreciate your attentiveness and interest. [LB779]

SENATOR CORNETT: That closes the hearing on LB779. Senator Avery, you are recognized to open on LB851. [LB779 LB851]

SENATOR AVERY: I see I cleared the room. Thank you, Madam Chair. My name is Bill Avery, for the record, B-i-l-l A-v-e-r-y. I represent District 28 here in Lincoln. I am bringing LB851 to you. Let me give you a little bit of background on this. I have a long involvement with Centennial Mall, starting from the time I first came here. In fact, in

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2008, I introduced a bill that would create a task force to study the issue of renovation of Centennial Mall. The purpose of that was to at least begin a review of the process that it would take to get funding and strategies for getting a design and repair options. Any of you who have been in Centennial Mall any time since you've been in the Legislature, you have seen what I have seen, and that is a badly deteriorated front door to this great building. That bill did not pass, in part because the Speaker believed that we should not be setting up task forces that included the executive branch and the legislative branch. And I did not disagree with that. The bill did though, however, have some members to be appointed by the Governor. My next move was this past summer to conduct an interim study. And out of that interim study we actually have made some progress. The city of Lincoln has located some TIF financing--tax increment financing--to use on renovation of the mall. We are working with the state and the University of Nebraska, hoping that we can get a joint effort to complete the project. Out of that interim study the idea was generated that perhaps Centennial Mall could become eligible for some grant funds under the Local Civic, Cultural, and Convention Center Financing Act. You know that to be the 30 percent fund that is a part of the sales tax turnback legislation that we've had in place here for some time. Seventy percent goes to projects such as the Qwest Center. We hope to get the arena built in Lincoln using the same mechanism. The 30 percent fund, that is the Local Civic, Cultural, and Convention Center Financing Act, that fund, that 30 percent fund is available to other communities to use for smaller projects, but nonetheless, important projects in communities around the state. Recognizing that Centennial Mall is a part of the Capitol Environs District and that it serves as a scenic doorway to our State Capitol, that it does connect the Capitol with the University of Nebraska, and it is an important part of the environs. It was part of the discussion in the interim study was that we might want to see if we could get the Legislature to authorize projects like Centennial Mall to be eligible for funds out of this Local Civic, Cultural Fund. The fact is, the city of Lincoln is struggling like everybody else to make ends meet. We have been working hard to try to find sources of financing for this project. The city of Lincoln has renewed its commitment to the project and we need about \$9 million total. The city of Lincoln has come up with about \$3 million. We're hoping to get the university to participate and we are hoping that the state of Nebraska will as well. There is money in this 30 percent fund; I think somewhere around \$750,000. We, of course, would like to be able to make application for some of that. So what I'm asking you to do is to authorize that fund to be expanded...or at least to expand a participation in that fund by advancing LB851 to the floor. I'll take any questions you might have. [LB851]

SENATOR ADAMS: Thank you, Senator Avery. Are there questions? Senator Hadley. [LB851]

SENATOR HADLEY: Thank you, Senator Adams. Senator Avery, just a little background. How is it...when did the Centennial Mall start? Some of us weren't living in Lincoln or around that time. And how was it funded the first time? [LB851]

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SENATOR AVERY: It was built in 1967 to celebrate Nebraska's centennial. I cannot tell you exactly how it was funded. I believe it was a joint effort involving the city and the state, because it was a part of a statewide celebration. And it's widely used for civic purposes. All kinds of activities take place there: rallies, of course, and various other kinds of activities. We have now a set of plans for what the architects think would be doable and what would look good and would give us what at one time was a fairly attractive entrance to the Capitol. The big thing that we're facing right now is funding. And, of course, if you approve this legislation that wouldn't solve the problem for us. It would simply allow us more options and other sources of income. [LB851]

SENATOR HADLEY: It is a beautiful view... [LB851]

SENATOR AVERY: It is. [LB851]

SENATOR HADLEY: ...you know, if you're driving down near the campus and look back up toward the Capitol building. [LB851]

SENATOR AVERY: And you see it on postcards a lot of times, and it used to be a beautiful vista. There used to be six functioning fountains and there's only one now and that's the one immediately outside the door here. But the proposal that is before us that's being considered by the city now would have...not these cereal bowl-type fountains but flat fountains, and there would be three of them. The theme would be you have a theme in the three blocks closest to the Capitol would be tied to the themes in this building: the history of the state. And then you have different themes on throughout to the State Historical Society. [LB851]

SENATOR HADLEY: For the right donation, could it be like the Senator Utter Centennial Mall or anything like that? [LB851]

SENATOR AVERY: I doubt we'd do that. And I doubt that we would do what Oklahoma did and that's sell naming rights to their new dome on the Capitol. You've got people, the donors names are etched in stone. (Laugh) [LB851]

SENATOR ADAMS: Senator White. [LB851]

SENATOR WHITE: Senator Avery, do you know of any other situation in which state tax money, sales tax money is being used to maintain property owned by a city or a political subdivision? [LB851]

SENATOR AVERY: This would not involve maintenance. It would involve the renovation of the mall. There is, in the plan, \$1.5 million for an endowment for maintenance. [LB851]

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SENATOR WHITE: Where does it end? I mean, I can give you a dozen projects in Omaha that are city owned that could desperately use state tax money. And, I mean, if Lincoln is going to put their nose in the trough, Omaha is going to... [LB851]

SENATOR AVERY: This is unique. [LB851]

SENATOR WHITE: Because it's in Lincoln? [LB851]

SENATOR AVERY: The mall is unique. I mean, this building is unique. It is a part of... [LB851]

SENATOR WHITE: Would the city cede the ownership of the property to the state, therefore, by we own? [LB851]

SENATOR AVERY: Actually is a right-of-way. It's a right-of-way for a public street. [LB851]

SENATOR WHITE: Oh. [LB851]

SENATOR AVERY: So I doubt if that would be the case. [LB851]

SENATOR WHITE: Okay. Well, and I mean, I do want to take care of the Capitol. But it's an incredible precedent you're asking. I mean, there are a lot of civic places that are incredibly important to the history and people of the state of Nebraska, not just in Lincoln. [LB851]

SENATOR AVERY: Well, I agree with you. [LB851]

SENATOR WHITE: Thank you, Senator. [LB851]

SENATOR LOUDEN: Other questions? I have one, Senator Avery. In fact, I have two. The one is in your bill you took the part out where a municipality could not be awarded more than one grant in any five years. You took that out of what's in statute now, is that correct? [LB851]

SENATOR AVERY: Yes. [LB851]

SENATOR LOUDEN: Yeah. And the other thing, I guess... [LB851]

SENATOR AVERY: But that would apply not just to Lincoln. It would apply to all applicants. [LB851]

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SENATOR LOUDEN: Yeah. Another thing is your statement that Lincoln was struggling, you know, to make ends meet. And how can you sit there and tell me that when Lincoln's mill levy is, what, about 26 cents, and Lancaster County's mill levy is around 24 or 25 cents, and I come from counties out there where our mill levy is at 47 and 48 and 49. [LB851]

SENATOR AVERY: And, Senator, I can tell you... [LB851]

SENATOR LOUDEN: And, I mean, you don't even know what struggle is. [LB851]

SENATOR AVERY: I appreciate that. [LB851]

SENATOR LOUDEN: You have a lot of room, because what's the valuation of Lancaster County? Somewhere around \$23 billion or something like that? [LB851]

SENATOR AVERY: There is no political room in this city. [LB851]

SENATOR LOUDEN: Well, there is financial room, though, if you have the desire to do it. But, I mean, it's...I understand what you're trying to do. If you can get the state to pony up the bucks, why, you're that much ahead. But I'm wondering...and I have a problem at times that people in these some states to the eastern part of Nebraska don't realize how hard some of these other counties--or these counties in eastern Nebraska--how hard up some of these other counties are in the rest of the state as far as coming up with cash. I mean, they can't raise the cash is their problem. And this is...you know, I'm wondering. I always have to question when somebody says they're struggling down here. I don't think they know what struggling is about. [LB851]

SENATOR AVERY: Well, one of my purposes here is to try to convince the Legislature that the Centennial Mall, this building and the environs, all of that involves a shared responsibility between the city of Lincoln and the state. I really believe that. [LB851]

SENATOR LOUDEN: Well, I agree. And if it needs to be done then I guess they appropriate some money, and do it along with the city to raise their taxes. But I think, you know, to try and find other ways that would probably cut into some other kind of funding that goes statewide, I have...you know, I kind of wonder if that's the way to go or not. [LB851]

SENATOR AVERY: You're absolutely right that the city has not raised its property tax levy for quite a long time, and I can tell you that that's the third rail of politics in this city. [LB851]

SENATOR LOUDEN: Okay. Thank you. Other questions for Senator Avery? Seeing none, thank you, Senator. First proponent. [LB851]



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LYNN JOHNSON: (Exhibit 5) Good afternoon. My name is Lynn Johnson. I am...my last name is spelled J-o-h-n-s-o-n, and I'm the director of the City of Lincoln Parks and Recreation Department. I am speaking on behalf of the city of Lincoln in support of LB851. We'd like to express our appreciation to Senator Avery for his interest in the future of Centennial Mall and for introducing LB851. We also appreciate the opportunity to speak in support of this bill. As way of background, I want to let you know that Lincoln Parks and Recreation is responsible for maintenance of the three malls that extend from the Capitol Building square, including Nebraska Centennial Mall. We believe that it is appropriate that Centennial Mall be specifically recognized as a facility eligible to apply for funding from the Local Civic, Cultural, and Convention Center Financing Act as proposed in LB851. Centennial Mall is integrally tied to the cultural heritage of the state of Nebraska. Architect Bertram Goodhue, in designing the Nebraska State Capitol Building, recognized the importance of integrating the building and its grounds with the urban fabric of the capitol city. He recommended establishing broad boulevards extending in each of the compass directions from the Capitol Building. Three of these broad boulevards exist and have been developed. Goodhue Boulevard extends south, Lincoln Mall extends west, and Nebraska Centennial Mall extends north from the Capitol Building to the University of Nebraska City Campus. The east boulevard extends along J Street and continues to be a work in progress. At the time that Goodhue proposed the boulevard north of the front steps of the Capitol Building, the right-of-way for then 15th Street did not exist north of O Street. By 1937, the city, working in cooperation with the state, had assembled the seven-block long, 120-foot wide right-of-way from the north entrance of the State Capitol Building to the University of Nebraska. And then I think as Senator Avery indicated, in celebration of the 100th anniversary of the state of Nebraska, Centennial Mall was developed in 1967, including closing the two northern blocks and the two southern blocks to vehicular traffic. The original design for Centennial Mall included a series of plazas and steps, six fountains, and a tree-lined vista to the State Capitol Building, and arguably Centennial Mall has become the postcard image for Nebraska's treasured State Capitol Building. The improvements along Centennial Mall have reached the end of their useful life. Walkway surfaces and steps are deteriorated, fountains no longer operational, and trees and landscaping are failing. And I invite you to take a walk along Centennial Mall, if you haven't recently done so, just to view the condition of the mall. In 2009, the city, working in partnership with the many stakeholders along Nebraska Centennial Mall, initiated development of a master plan for major renovation. And what you see here is a copy of that master plan. We believe that this is a fiscally responsible and achievable plan for making the mall safe, accessible, multifunctional, and esthetically appealing. Those were some words that we heard from the stakeholders as we were developing this master plan. The estimated cost for construction and creation of an endowment fund for future repairs and maintenance is about \$9 million. We are proposing that one-third of the funding for the project come from the city, one-third from the state, and one-third from private donations. The city has identified and pledged \$3 million to the project. The

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Lincoln Parks Foundation stands ready to work with other statewide partners to initiate a fund-raising campaign to secure private donations. LB851 provides one potential source of state assistance to the project. And I think it's important to note that we are not here asking today for an appropriation for Centennial Mall. We're just asking for this to become one of the tools that could be used in the future, potentially. In closing, I'd like to reiterate the Nebraska State Centennial Mall is symbolically and physically an extension of the front steps of the State Capitol Building. The southern portion of the mall is part of the state government campus. The northern portion is part of the University of Nebraska's City Campus. I think it's important to note that 49 percent of the frontage of Centennial Mall is owned by the state of Nebraska. That's part of the reason why we're engaging in this discussion. Centennial Mall is part of the cultural heritage of the state of Nebraska and should be eligible for grant funding from the Local Civic, Cultural, and Convention Center Financing Fund as proposed in LB851. Again, thank you for the opportunity to speak in support of LB851, and I'd be happy to answer any questions that you might have this afternoon. [LB851]

SENATOR CORNETT: Senator Hadley. [LB851]

SENATOR HADLEY: Thank you, Senator Cornett. Mr. Johnson, I guess to me when I think of Lincoln I think of kind of like a three-legged stool, and two of the legs are the fact that you have state government here. And I don't know how many employees and the dollar value of that organization to Lincoln, and the other one is obviously a 25,000 student campus that you have. So I think those are two very important legs of your three-legged stool in Lincoln. And so I guess I'm trying to think why wouldn't Lincoln think this is a project that they should be working on because it links two of those...very involved with two of those legs that differentiates Lincoln from any other city, literally, in the state. You know, you're getting the benefits of having the seat of state government here. You're getting the benefit of having a 25,000-student university here. And I would guess those two bring tremendous amounts of dollars into Lincoln's economy and the tax revenues of Lincoln. So I guess...and I guess I'm wondering why Lincoln wouldn't see this as their project? [LB851]

LYNN JOHNSON: That's a great question and you're right, I think the city certainly does value being the home of state government and certainly the home of the University of Nebraska. I think Lincoln is stepping up and taking responsibility for this project. As we said, we've been discussing this project for a number of years and this is the first time that the city has identified funding to initiate the project. And so Lincoln is taking a lead role in identifying the initial funding for the project in developing the master plan in cooperation with partners, and then also working with our local foundations, as well as we're hoping to reach out statewide. So we don't think this is entirely a city responsibility. We do recognize that the city does need to probably take a leadership role in this. [LB851]

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SENATOR HADLEY: Thank you. [LB851]

SENATOR CORNETT: Senator White. [LB851]

SENATOR WHITE: I'm sorry I missed it. Why isn't this a city responsibility? This is not ground owned by the state. [LB851]

LYNN JOHNSON: You know, I think that's a great question and certainly one that we've tried to address all along. I think two reasons. One is that Centennial Mall and the other four malls were really designed as part of this building. The intent of Bertram Goodhue was that there be broad boulevards extending from this building. So historically they're linked to this building. I think the other reason that we're asking for this is that 49 percent of the frontage of the mall is owned by the state of Nebraska. If this was a facility that had private ownership along it, we would definitely be working with the private property owners along that mall. So we're not asking the state to be the sole funding source or even the lead funding source, but asking the state to participate because of the amount of frontage that the state has on the facility. [LB851]

SENATOR WHITE: Does the law allow you to do special assessments to the state when it's an adjoining property (inaudible)? [LB851]

LYNN JOHNSON: It allows...my understanding...and I could misspeak here, but my understanding is that the state has the option to participate but the city can't require the state to participate. We can... [LB851]

SENATOR WHITE: Well, has the city passed a special assessment on adjoining and even surrounding community owners on a square-footage basis and then asked the state to participate? [LB851]

LYNN JOHNSON: We have discussed that as an option. We've not brought it forward formally yet at this point. And certainly looking at all of the options that potentially would be available out there. This is just...as I said, I think the intent is that if this were to pass and the reason the city is supporting this, it puts one more tool in the toolbox in order to get this funded. [LB851]

SENATOR WHITE: Look, the toolbox is full of tools, but some of them work and some of them don't. [LB851]

LYNN JOHNSON: Correct. [LB851]

SENATOR WHITE: Okay. Now don't you think you'd be on better footing if the city said, look, you're a resident here too, state. Pay your fair share; we've already assessed everybody else. You cowboy up your percentage basis based on square footage and

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your use. [LB851]

LYNN JOHNSON: You know, as I've said, we have not initiated that conversation. It's certainly one that perhaps we may want to bring forward. The city has 14 percent of the frontage on the mall. We feel like the city's third of the cost is helping to fund those costs. [LB851]

SENATOR WHITE: I don't have a problem with that. I'm talking about the whole community. I mean, I'm a guy who will support just, you know, if everybody else is paying their fair share on a square footage cost, we're tenants here too; we're residents of the city, too, as a state. And if it's being assessed on property owners and we own property, I think we carry our fair share. But I want to see everybody else put in first and then come to the state and then I think you could shame us all, at least me, shame me into saying we will pay our fair share for our percentage of ownership on that mall if we're going to fix it. [LB851]

LYNN JOHNSON: I understand what you're saying. And another significant property owner along the mall is the federal government. The federal government has two blocks. Part of our strategy is to reach out to the federal government and encourage their participation as well. [LB851]

SENATOR WHITE: Good luck on getting them to care. [LB851]

LYNN JOHNSON: I...(laughter). [LB851]

SENATOR CORNETT: Further questions from the committee? Seeing none, thank you. [LB851]

LYNN JOHNSON: Thank you. [LB851]

PATTY PANSING BROOKS: (Exhibit 6) Well, unfortunately I didn't bring party favors, since you all got little postcards. My name is Patty Pansing Brooks and that's spelled P-a-t-t-y P-a-n-s-i-n-g, Brooks, B-r-o-o-k-s, and I'm an attorney with the Brooks, Pansing Brooks firm here in Lincoln. But I'm here today as a community volunteer who is committed to the beautification of our State Capitol's front doorstep and to voice my support of LB851 in regards to Centennial Mall. I first want to thank Senator Cornett and the rest of you for giving us an opportunity to talk to you about this great project. As you are aware, LB851 would allow Centennial Mall to be eligible for a portion of the 30 percent state assistance fund. And I come to you today to highlight the importance of this opportunity to those of you representing Nebraska's citizens. I am honored to currently be working on Centennial Mall with Susan Larson Rodenburg, our fabulous campaign coordinator, as well as Roger Larson and Mary Arth, who are two outstanding and passionate community leaders who also recognize the value of this project to our

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state. They are both out of town today but have written letters to this committee confirming their enthusiasm for this project for all Nebraskans. We are committed and confident that Centennial Mall will be restored and renovated within the next few years, not only because the need is so great, but because the passion and love statewide for our Capitol and its environs is clearly evident. If you haven't done so in awhile, I would encourage you to take a stroll down the mall. I think you'll be as shocked and dismayed at its conditions as I am. Broken paving stones, cracked sidewalks, and the lack of accessibility make walking the mall dangerous and difficult for all of our citizens, especially our handicapped citizens. The fact that the national Special Olympics games are being held here this summer highlights our concerns. The athletes are being housed at the University of Nebraska, and will be headquartered at Pershing Auditorium, which means that the mall will act as the most direct path between those two sites. I am concerned not only for our athletes' safety and their impression of our state, but I am also concerned about the liability that the state, city, and county share, according to state law pursuant to Nebraska Revised Statute 90-304; 90-304 states that, "The city of Lincoln and the county of Lancaster are hereby empowered to expend their respective funds to participate singly, with each other, and with the state of Nebraska in the planning, construction, and maintenance of all manner of special lighting, landscaping, decorative walkway, fountain, and any other beautification projects in the Nebraska State Capitol Environs District." Let me emphasize again that the law specifically states that the city and county can expend funds "singly, with each other, and with the state of Nebraska." The law does not say "or" with the state of Nebraska. Therefore, the law sets forth that the state is not only a responsible party in the care and maintenance of the mall and its environs, but the statute arguably characterizes the state as the key participant in its preservation. To me, the statute doesn't offer a choice, but a duty of the state to support and participate in this project. Fortunately, the city is geared up and Mayor Beutler has committed the first significant funding ever to be directed towards mall renovation since discussions of revitalization have arisen. We are well aware that you are all working hard to deal with the complicated constraints of our state budget. But we want Centennial Mall on your radar screen. Since the state and university own 49 percent of the lineal feet--that's 2,190 feet of the 4,440 fronting the mall--it makes imminent sense that the state be a major funding partner in this project. Finally, once we have financial commitments from the primary stakeholders, the Lincoln Parks Foundation is ready and willing to commit the leadership resources to seek private donors who will join with your commitment to make this project a reality. Included within our fund-raising efforts will be at least a \$1.5 million endowment to ensure that Centennial Mall helps our Capitol remain the sparkling beacon and symbol of our state's democracy forever. I want you to know that we are convinced that this fund-raising effort for Centennial Mall is going to happen and that it will be successful. For the first time ever, thanks to Mayor Chris Beutler, we have the very significant commitment of \$3 million on the table. This money from the city, leveraged with a dedicated, proven group of fund-raising volunteers who have recently raised nearly \$10 million for the community, makes it a perfect time to revitalize our state's mall. We are excited and

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very hopeful. We encourage the state to leverage the commitment from the city and the foundation, and to commit itself to contributing at least a third of the cost towards renovation of our mall over the next few years. The fact that the state has a full campaign organized, ready and willing to provide funding, while asking for only a third of the renovation cost, indicates the state is being offered a very good deal in my estimation. The time for the state to act is now. Centennial Mall will soon be the vibrant entrance to our State Capitol and our state university that it once was. We need your help to make it happen. Please join us. Rather than giving this testimony two times, I submitted...I just want you to know that I also submitted written testimony regarding LB779 as it relates to Centennial Mall. And so we are hoping that you will consider passing consistent language from both LB779 and LB851 regarding Centennial Mall out of this committee so that it can go before the full body of the Legislature and provide discussions for a way to protect the state from future liability and gather dollars through the 30 percent state assistance fund to help us revitalize the front doorstep of our state treasure. Thank you for your time and your work on behalf of Nebraska's citizens. [LB851]

SENATOR CORNETT: Senator Utter. I'm sorry, Senator Hadley. [LB851]

SENATOR HADLEY: I don't know whether I should be...I should feel real good about that or... [LB851]

SENATOR CORNETT: Whatever makes you feel better. How's that? [LB851]

SENATOR HADLEY: Ms. Brooks, let me quote this: ...and includes the portion of the Nebraska State Capitol Environs District made up of the areas and the full width of the right-of-way boundary streets described in subdivision (1)(d) of Section 90-303. I decide I'm going to sue the state of Nebraska because this is special interest legislation. Would you like to defend, be my lawyer, or would you like to be the state of Nebraska's lawyer? [LB851]

PATTY PANSING BROOKS: I'll tell you what. If I had somebody that was hurt in the Special Olympics or somewhere else, and I wanted to know who to sue and I looked at the current law, I know darn well the first pocket I would go after, and that would be the state. [LB851]

SENATOR HADLEY: Then I guess my question is, is this special interest legislation since it specifically talks about an area that the funding will be used for? [LB851]

PATTY PANSING BROOKS: I can't speak to that. Sorry. [LB851]

SENATOR HADLEY: Okay. [LB851]

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PATTY PANSING BROOKS: Thank you. [LB851]

SENATOR CORNETT: Senator Adams. [LB851]

SENATOR ADAMS: Thank you, Senator Cornett. Ms. Brooks, I apologize for having to slip away for a few moments so maybe the question has been asked already, but if I heard earlier testimony right, I think it was Senator Avery's testimony, there's \$700,000 currently in that fund. And this is a \$9 million project. You're asking the state to potentially participate to the tune of a third: \$3 million. So bottom line, how much of that \$700,000 do you want? [LB851]

PATTY PANSING BROOKS: Our goal is to get funding from the state. And I don't know exactly how it's all going to come forward or what pockets there are or what funding potential there is. One of the things that we wanted to do is bring this campaign to your attention and let you realize that we are very serious that for the first time we think we have a campaign plan that will work and we feel that there is reason for the state to participate, not only because this does affect the entire state, the picture of the Capitol incorporates the Centennial Mall. This is...it does affect our entire state. The children, when they come to visit, walk down the mall from the Capitol to the university. So we are not sure how you all are going to come up with funding. We want you to know we're serious. We want you to know that we believe that this can be done this time. The last campaign was about seven years ago and it was for two and a half times this amount. It's been culled down to a reasonable amount. Something needs to be done at some point, and right now the state is sitting with \$3 million being offered. But that \$3 million, the city has said we're not going to spend it if we can't get anybody else to come on board. So it will continue in the same problem. [LB851]

SENATOR ADAMS: You know, I'm happy to see that you have, conceptually at least, an endowment for maintenance. But that begs the question, why hasn't it been maintained up to now? [LB851]

PATTY PANSING BROOKS: Well, there has been some maintenance. The basics are being done. But I think part of the problem...as a volunteer I can't speak for anybody. But watching the whole campaign and seeing what's happening, I think that there's everybody...the city is pointing at the state, the state is pointing at the city. The county is saying, who me? And I think that's what's happening. And I think that's what's been happening in the past and I think the city has tried to do some of the basic work to keep it at least together. They're going to have to do some work this summer for the Special Olympics to help build some ramps and some things to make it accessible because it's not accessible right now. So I think that's part of it. Everybody is pointing at another entity, so. But that's one thing that we...I was one of the campaign cochairs for Union Plaza, which was just a big campaign that just happened here in Lincoln. And everywhere we went, everybody said, we'll give to this but the next thing has to be

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Union Plaza...or Centennial Mall. And everybody was thrilled about the thought of an endowment and everybody wanted to give to the endowment. So that is a plan. The money will go into endowment, at \$1.5 million, at least, for this mall. [LB851]

SENATOR WHITE: Thank you for coming, counsel, and I appreciate that you're a volunteer. But let me...since I'm a member of the Claims Board, let's talk about exposure here. The state has never maintained this property, have they? It's been the city's obligation, correct? [LB851]

PATTY PANSING BROOKS: I can't speak to that exactly. [LB851]

SENATOR WHITE: Okay. So you don't know whose responsibility it has been to maintain it? [LB851]

PATTY PANSING BROOKS: I believe the city has been doing it. I don't know, legally, who is completely responsible if that's what you're asking. [LB851]

SENATOR WHITE: So you think there's a reason to argue that the state is responsible for arguably--well, not even arguably--explicitly awful condition of the pavement and other things in the mall. [LB851]

PATTY PANSING BROOKS: I think it's arguable that the state would be involved, yes. [LB851]

SENATOR WHITE: And that is based on your reading of the Centennial Mall act, is that correct? [LB851]

PATTY PANSING BROOKS: That's partly what I think. It's also partly because I think it's a source of pride to our state and I think that... [LB851]

SENATOR WHITE: No, no. We're talking about liability, counsel. [LB851]

PATTY PANSING BROOKS: Okay. And I am not here as counsel and I made that quite clear... [LB851]

SENATOR WHITE: I understand but you... [LB851]

PATTY PANSING BROOKS: ...so I presume that you're calling me that as... [LB851]

SENATOR WHITE: No, it's a courtesy. [LB851]

PATTY PANSING BROOKS: Okay. [LB851]



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SENATOR WHITE: Or I thought it was. [LB851]

PATTY PANSING BROOKS: Thank you. But I'm just making sure that you know that I'm not here representing the campaign legally. I'm not here with any kind of... [LB851]

SENATOR WHITE: I do understand that. [LB851]

PATTY PANSING BROOKS: Okay. [LB851]

SENATOR WHITE: But you came here expressing issues on tort liability so I thought I'd expand the courtesy of treating you as a fellow member of the bar. [LB851]

PATTY PANSING BROOKS: Okay. [LB851]

SENATOR WHITE: Now let's talk a minute about what happened. This mall was built and it was beautiful and it has been allowed to just absolutely run into ruin, correct? [LB851]

PATTY PANSING BROOKS: Is it in ruin, yes. [LB851]

SENATOR WHITE: All right. It's my understanding it's always been the city's responsibility to handle this. The state has at no time adopted or acted as though it was the owner or in any way responsible for the maintenance. Do you have information to the contrary? [LB851]

PATTY PANSING BROOKS: I don't, sir. [LB851]

SENATOR WHITE: Okay. Now you've talked about the state owning 49 percent of the frontage on this mall, correct? [LB851]

PATTY PANSING BROOKS: Yes. [LB851]

SENATOR WHITE: And that includes the university. Do you count, if this bill passes, that this is the university's contribution to the project? [LB851]

PATTY PANSING BROOKS: I cannot speak to that. We were having discussions with the university, too, in trying to figure all of that out, so. [LB851]

SENATOR WHITE: Yeah. Because the state does not...at least I don't consider the state General Fund budget to be the same as the university's. That's administered by the Board of Regents. So what, if anything, has the university agreed to contribute to the maintenance of this mall? [LB851]

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PATTY PANSING BROOKS: We're in discussions with the university at this time. [LB851]

SENATOR WHITE: Thank you. [LB851]

SENATOR CORNETT: Senator Louden. [LB851]

SENATOR LOUDEN: Yes, thank you, Senator Cornett. As someone that's run a few sidewalks in my life and shoveled a few sidewalks in my life and also Chairman of the Maintenance Committee, I think that's the poorest damn job of engineering and architecture I've seen in the state of Nebraska, and that's including up around the university where they make these sidewalks with these little rocks in it that any ladies with thin-soled shoes don't like to walk on. [LB851]

PATTY PANSING BROOKS: You're right. [LB851]

SENATOR LOUDEN: And if you have to shovel the snow off of them, they're terrible. And as I noticed on this mall here, that whole thing is built that way and it's cracked and the whole bit. So who is responsible for the engineering and architecture of that? And who is responsible to see that it was...to oversee the plans how it was made? Where did that come about? Was that the city's responsibility? Was it the state's? Or did they have a commission? Or where did that guy go? [LB851]

PATTY PANSING BROOKS: I don't know. That's a really good question. I think...it happened in 1967 and I don't know what the thought was at that point. But I know that there are great plans to make it very accessible, to make it self-sufficient, and to make it green. I don't know if you'd like to speak more to Lynn Johnson who would have more information on this. [LB851]

SENATOR LOUDEN: Was there anybody that was bonded that did the construction work on that? Were they bonded do you think? [LB851]

PATTY PANSING BROOKS: We did look at, try to find some people, but we have not been able to find the people, so. [LB851]

SENATOR LOUDEN: Okay. Thank you. [LB851]

PATTY PANSING BROOKS: Sorry. But we would love to have you on the committee if you want...(laugh)...to do that. We could use your input. [LB851]

SENATOR LOUDEN: No, you don't want me on the committee. [LB851]

PATTY PANSING BROOKS: No, you don't want that? Okay. [LB851]

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SENATOR CORNETT: Senator Pirsch. [LB851]

SENATOR PIRSCH: When was that work done, the last (inaudible)? [LB851]

PATTY PANSING BROOKS: 1967. Is that what you're saying? [LB851]

SENATOR PIRSCH: 1967. Okay, so. Yeah, 50-some years ago. About 50 years ago. And would the plans then, I would imagine then, require tearing all that out then and a total new redesign? Is that what it is? [LB851]

PATTY PANSING BROOKS: Yes, that's true. Lynn might be able to speak to that more easily if you'd like. [LB851]

SENATOR PIRSCH: Oh, okay. Well... [LB851]

PATTY PANSING BROOKS: Would you like to speak to Lynn? [LB851]

SENATOR PIRSCH: No, that's quite okay. I'll wait until... [LB851]

PATTY PANSING BROOKS: Yeah, it's...but it is a total redo of the entire thing and the curbs are going to be more accessible and beautiful trees, and so it's going to be beautiful. And we can come with another entire show of what that is going to be, if you prefer, sometime. [LB851]

SENATOR PIRSCH: Thank you. [LB851]

PATTY PANSING BROOKS: Sorry. [LB851]

SENATOR CORNETT: Further questions from the committee? Seeing none, thank you. [LB851]

PATTY PANSING BROOKS: Thank you. [LB851]

DON WESELY: Senator Cornett, members of the Revenue Committee, I'm Don Wesely, W-e-s-e-l-y, representing the city of Lincoln. And I have to say this hearing isn't going very well for us so far, so I'm going to step in and not just wear that hat but maybe go back in time--and I apologize, I've not been doing well lately--but I wanted to share with you, from my days as mayor, a little of the background and tell you that we're not coming here to challenge or to confront. We're coming here, saying we've had a problem; it's been a problem for a long time. It is our responsibility to maintain. Senator White is right. But we see the solution to the problem in one of being a partnership, because it is celebrating the centennial of the state of Nebraska. Obviously, that's long

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past, 43 years ago. But we'd like to see what we can do to work with you to solve this problem, and the city is willing to partner. First off, let me tell you when I came in as mayor there was a plan for about a \$21 million renovation--very expensive plan. But in the year 2000, actually the Legislature passed a million dollar funding to start the project. And it was vetoed by then-Mayor...excuse me, Governor Johanns, who had been mayor prior to me. And so we knew there was a problem, had looked at some solutions in the '90s. An expensive plan came forward. It was too expensive so we spent time in the last ten years revising it, lowering the cost. Now the cost is about a third of what it was. And I also want to follow up. Senator Loudon, you're exactly right. The problem is that the design of this, beautiful as it was at the time, was really long-term a disaster. First off, it's hard for those with disabilities to walk through those steps, and the deterioration is awful. And so the new plans are much more long-term, much easier maintenance. And what we tried to do...and it is the city's responsibility to maintain this and we haven't done a good job. And the reason is...and it's our liability too, Senator White. You're right. It's city property, city responsibility. And we have not maintained it. We've tried to do the best we can, realizing that ultimately you can spend a lot of money renovating it, but it's a poor design. We need to tear it up and put in a new design because the money spent in renovating it just isn't going to get the job done. So that's why we haven't kept it up as much, anticipating at some point a total redesign would be done with the project. And so again I'd be happy to answer questions, but it is a city property. It is city responsibility. But I will also say, if you listened early to Lynn Rex's testimony and the 30 percent turnback, it goes to city projects: Heartland project in Grand Island. So the fact that the city of Lincoln is coming forward with this project is actually in keeping with what the other money has gone to under that fund. And there are other examples, Senator White. I can remember the Civic Auditorium got some state funding when they were renovated in the '90s, so it is not a new precedent. There has been some situations where city projects have had some state assistance. [LB851]

SENATOR CORNETT: Looking at the bill and the fiscal note and the breakdown or the summary of the bill, it says that besides raising the limit from \$1 million to \$2 million for a city of your class, it also wants to remove the limitation of...exempt one project in every five years. What other project has the city of Lincoln utilized in the last five years? [LB851]

DON WESELY: We haven't. We haven't had any of that, I think, that have qualified. [LB851]

SENATOR CORNETT: So is there a particular reason for that language to be there? [LB851]

DON WESELY: I think we're just trying to open up this possibility as a way to help with the funding for the project. But we're, again, offering to work with you on however you want to structure that. And we understand this is just one idea. There are many other

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ways. I think the assessment idea is actually a good one and we would be willing to work with that project approach, as well. [LB851]

SENATOR CORNETT: Senator White, I believe you had a question. [LB851]

SENATOR WHITE: Thank you for coming, Don. I really appreciate just the candor. It means a lot to me. We have an obligation to be a good neighbor as the state government, and that we take up, including the university...and I don't know what's state versus the university, but I'd submit those are different entities that have to be dealt with differently. I fully support, as a good neighbor, we need to help maintain common property that we abut, just like if it was anything else, and if there are assessments, you know, I would fully support paying our fair share. I am much more comfortable with that than the concept that this is an important civic institution to the state and state fund money should be funding it. Because that's a...I mean there's no end to that. There is no end to that. But if instead you're coming to us as a city saying, look, you have a vested interest here; you're our neighbor; you need to maintain your property with us. You've got me, okay? I mean, that's just decent neighborliness. [LB851]

DON WESELY: I appreciate that. [LB851]

SENATOR WHITE: So thank you. [LB851]

DON WESELY: Well, that would help us a lot. If we could do that in partnership with the state, it would be easier for us than to go to the feds and say, you know, we've got these other partners. And if you would help us... [LB851]

SENATOR WHITE: We're going to look through the assessments. And if the private sector...if you can get the private sector and they'll accept that pain on an individual property basis--I'm just speaking for myself--pretty tough for me to say the state shouldn't be a responsible property owner too. [LB851]

DON WESELY: Yeah. Thank you. [LB851]

SENATOR CORNETT: As we heard earlier, there's a carryover in that fund of \$500,000, correct? [LB851]

DON WESELY: Something like that, yeah. [LB851]

SENATOR CORNETT: But you're asking for quite a bit more than that. If we allocated or gave you that, that would leave very little for the other municipalities throughout the state. Is there a reason this project is...I mean why it should take preference over other projects throughout the state? [LB851]

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DON WESELY: Well, we certainly don't want to diminish any other project in any other area of the state. We would just like to be able to apply as others do for the money. And obviously a decision would have to be made on where the money goes. [LB851]

SENATOR CORNETT: I was going to say, but raising the amount from \$1 million to \$2 million would...is more than is actually even there, correct? [LB851]

DON WESELY: Right. Yeah. [LB851]

SENATOR CORNETT: Senator Hadley. [LB851]

SENATOR HADLEY: Thank you, Senator Cornett. Mr. Wesely, I'll ask you the same question that I asked Ms. Brooks. Is this special interest since we specifically...? I reread the bill and it talks about centers and cultural, convention facilities. It's very broad. It doesn't say the Heartland Center in Grand Island or anything like that. But it gets very specific as to what will be added to the legislation. I just wonder, in your many years of service, how you would view this from a special interest legislation? [LB851]

DON WESELY: Well, you ask a valid question and I don't know the legal answer to that. But, I mean, the intent was to specifically try to allow this to be among the projects considered. And so I don't know if that absolutely forbids it or not. [LB851]

SENATOR HADLEY: Okay. I appreciate that. And I guess the concern I always have then is that maybe Grand Island does come in and say Locust Street from 4th to 8th, can we put that in the bill? Or, you know, that's the concern of opening it up. But I agree with Senator White, that we have to be good neighbors as state government. [LB851]

DON WESELY: Thank you. [LB851]

SENATOR WHITE: One of the reasons, Don, that it's important to me, is, one, is I don't think it's ever special legislation if we are specifically legislating to take care of state property. I mean that's clearly always been appropriate. And second, it comes out of a different fund. I mean if you're talking the building maintenance fund or those kind of funds, which is a general state obligation, generally shared, and this particular fund was set up to help the smaller cities enjoy the benefits of urban kind of developments like the Qwest Center and share some of that back so they could also develop their own urban areas and their own life, the cultural life in there. I guess my real problem is not with the concept that we carry our part, Don. It's with the concept that we rob that fund to get this done instead of just saying what we should say: You know, be a good neighbor. Do your part for the property you own. [LB851]

DON WESELY: Well, and I understand that. I think Senator Avery was trying in good faith to bring this issue to your attention and offer this as an option, and maybe it's not

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the option we want to pursue but it's certainly in good faith that we're coming to you.  
[LB851]

SENATOR WHITE: Thank you, Don. [LB851]

SENATOR CORNETT: Senator Louden. [LB851]

SENATOR LOUDEN: Yes, thank you, Senator Cornett. Well, thank you for your testimony, Don. It's been very enlightening. And I would point out that veteran's cemetery that has been working on for the last several years here, and we're getting it completed in Alliance. And about 18 years ago, you know, the plan came out with that thing--I don't know if you were in the Legislature then or not--but somewhere in that time. And they came out with a plan that had, I don't know, 60 flags and a mirror, water pool, mirroring...whatever, reflecting pool, and the whole thing. And, of course, right away when somebody looked at 3,900-foot altitude in wintertime and the wind like that and that many flags and a reflecting pool...and I mean, that shot the whole thing down right there. And I don't know what you would have to do with this, but let me tell you, if you're going to have a few more fountains down that thing, you're going to be sitting back here in about ten years again trying to get somebody to pony up some big bucks to fix it up again. So you have to be very careful on your architecture, your engineering, your design and the whole works. And we would hope that they learned something from this experience right here. But as far as the bill, I don't know if there's anything that can help that in there. But how that thing is designed decides whether or not it's going to stand for 20 or 30 or 40 years, or whether it's going to be there 100 years from now. Because you do have stuff around town that's been here for 100 years. [LB851]

DON WESELY: Oh, yeah. [LB851]

SENATOR LOUDEN: And so it isn't impossible to design. So that's what I would...  
[LB851]

DON WESELY: It's good advice. [LB851]

SENATOR LOUDEN: ...point out for the city of Lincoln. I would hope that they would understand that. [LB851]

DON WESELY: Um-hum. Thank you. [LB851]

SENATOR CORNETT: Seeing no further questions, thank you, Mr. Wesely. [LB851]

DON WESELY: Thank you. Appreciate it. [LB851]

SENATOR CORNETT: Next proponent. Are there any further proponents? Are there

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any opponents? [LB851]

KEVIN HOWARD: Good afternoon. My name is Kevin Howard, K-e-v-i-n H-o-w-a-r-d. I am with Scotts Bluff County Tourism. I apologize. I meant to be here earlier today but it's a long trip from Gering and I got hung up. But I'm in opposition of any bill that changes the original intent of the convention civic center--the CCCC fund. We have seen...we just completed a \$500,000 improvement to our Gering Civic Center, which \$200,000 of that came from this fund. And so basically in a general sense I'm against anything that changes the original intent of the law with the exception of the one bill that does raise the limits across the state rather than just for one city. So that's all I had to say. Thank you. [LB851]

SENATOR CORNETT: Senator Pirsch. [LB851]

SENATOR PIRSCH: And I'm sorry. I didn't catch your title. You're with Gering, the city? [LB851]

KEVIN HOWARD: I'm with Scotts Bluff County Tourism. I'm the tourism director for Scotts Bluff County. [LB851]

SENATOR PIRSCH: Okay. And you drove all the way in to Lincoln for the hearing? [LB851]

KEVIN HOWARD: Uh-huh. Well, actually we are hosting you folks tomorrow night at a reception. So look forward to seeing you all there tomorrow. [LB851]

SENATOR PIRSCH: Double duty. Okay. Thank you. [LB851]

SENATOR CORNETT: Further questions from the committee? Seeing none, thank you. Is there any further opposition testimony? Is there anyone to testify in a neutral capacity? Senator Avery, you're recognized to close. [LB851]

SENATOR AVERY: Thank you, Madam Chair. Just a few things very quickly. I think it's important to point out that this bill only authorizes the Centennial Mall to apply or for the city of Lincoln to apply for funds for Centennial Mall. It is not a done deal. It's a competitive application process. And right now, the way the law reads, Lincoln cannot apply for this kind of project. I would like to respond to Senator Hadley. There is probably a way that you could amend this so that you're not actually specifically authorizing Centennial Mall. It could be projects that contribute to the historical preservation of community and state assets or something like that. I wouldn't have any problem with that. We're seeking as many different options as we can find to try to fund this. We are working hard with the university to get them to take care of their end of the mall. I believe the project is important, not just to the city of Lincoln. I think it's important



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to the university. I think it's important to the state. I think Lynn Johnson, who preceded us in testimony, made the case very well. This is a part of the original design of the Capitol and the Capitol's environs, and it is, has been, and rightfully so, the responsibly of the city of Lincoln. But it is something that contributes to the historical integrity and the beauty of this building. I'd like to see the other--well, we've done one--the other two: east and south. I'd like to see more work done on those. But this one is the most important because it is the front door to the Capitol. Allowing projects of this kind, and I believe if you amend the language so you're not referring just to Centennial Mall, you might find that there are a number of communities around the state that would want to participate in the historical preservation of community assets. But if you do advance this to the floor and we get the law amended as I am proposing here, it will be a step toward completing this important project. It will not solve the funding problems, obviously not. And I doubt that the city, even if we are authorized to make application, I doubt that we would get \$1 million. We may get a few hundred but I don't think we'd be treated special. I think that we'd probably be treated like other communities have been. And I've looked at all those applications. One other observation: The applications appear to be dropping. And there is not as much competition as there was in the beginning when the fund was first created. So we might see, over time, the accumulation of more money available that would make it possible for Lincoln to benefit from it. So I will stop there and ask you to advance LB851. [LB851]

SENATOR CORNETT: Questions from the committee? Seeing none, thank you. [LB851]

SENATOR AVERY: Thank you. [LB851]