

Transcript Prepared By the Clerk of the Legislature
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Revenue Committee
March 10, 2010

[LB381]

The Committee on Revenue met at 4:00 p.m. on Wednesday, March 10, 2010, in Room 1524 of the State Capitol, Lincoln, Nebraska, for the purpose of conducting a public hearing on LB381. Senators present: Abbie Cornett, Chairperson; Merton "Cap" Dierks, Vice Chairperson; Greg Adams; Galen Hadley; Pete Pirsch; Dennis Utter; and Tom White. Senators absent: LeRoy Loudon.

SENATOR CORNETT: Welcome to Revenue. I apologize. We had a call of the House. I am Senator Abbie Cornett from Bellevue. To my left is our Vice Chair, Senator Dierks from Ewing; to his left is Senator Greg Adams from York; Senator Hadley from Kearney will be joining us. To my far right, Senator Pete Pirsch from Omaha; next to him will be Senator Utter from Hasting; Senator Loudon will be unable to join us today; and Senator White from Omaha. Our research analysts today are Stephen Moore to my right and Bill Lock to my left. Committee clerk is Erma James. The pages today are Abbie Greene and Ryan Langle. Before we begin the hearings today, I'd advise everyone to turn your cell phones to either off or vibrate. The sign-in sheets for testifiers are on the tables by both doors and need to be completed by everyone wishing to testify. If you are testifying on more than one bill, a form needs to be completed for each bill you're wishing to testify on. Please print and complete the form prior to coming up to testify. When you come up, please hand your form to the committee clerk. There are also clipboards in the back of the room to sign if you do not wish to testify, but wish 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 the proponents, opponents, and neutral testimony. As you begin your testimony, please state your name and spell it for the record. If you have handouts, please bring ten copies for committee and staff. If you only have the original, we will make copies. Please give the handouts to the pages. Ryan, could you please find Senator Rogert and tell him that we need him?

SENATOR ROGERT: (Exhibits 1-3) Chairman Cornett, members of the Revenue Committee, this is probably my third or fourth time here ever. Thank you for rescheduling this hearing this afternoon. I will try to keep things to a minimum. My name is Senator Kent Rogert; I represent the 16th Legislative District, here today to reintroduce LB381 in its original form. In its original form, this legislation permits the establishment and use of community improvement districts and transportation development districts in Nebraska. I will abbreviate those to save everybody a little time. CIDs may finance a wide array of public improvements and services while TDDs may only finance transportation related improvements. A community improvement district is created to contract for and fund public facilities and improvements. Parks, lakes, shopping malls, streetscape, lighting, security services, tourism promotion, arenas, convention centers, trash collection services are just a few of the many examples. CID may operate as a political subdivision or as a nonprofit corporation. As a nonprofit, they

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would fund the improvements in the district through special assessments, a property tax, or a sales tax up to 1 percent, or fees, rents and charges for the district property, or services, or grants, gifts, and donations. They may also issue bonds, notes, and other obligations and may secure any of such obligations by mortgage, pledge, assignment, or deed of trust, and it will be limited to 30 years. This district will be formed by a petition and municipal ordinance. The transportation development district is created to fund, finance, design, construct, reconstruct transportation-related projects such as bridges, streets, roads, parking lots, river fronts, light rail airports, mass transit improvements, and other examples. A TDD would fund the improvements in the district through special assessments, property tax, or sales tax up to 1 percent, or tolls and fees for the use of the project. A TDD may finance a project through the issuance of bonds, and notes or obligations, and those bonds will be limited to 40 years just due to the project size. A district is formed by the approval of the district court and thereafter approved by the public vote. A CID would be formed by municipal ordinance after the petition process, a notice and publication as well as a mandatory public hearing. Thereafter, a governing body of the municipality may approve or disapprove the district. The governing body of the municipality may attach conditions or specific requests on its approval and enter into cooperative agreements with the district that would not necessarily impose indebtedness upon them. A petition filed with the municipality where the proposed district is located must be signed by property owners collectively at least 50 percent of the assessed value and 50 percent of the per capita of all owners of real property in the district. Once the petition is filed and basic requirements satisfied, the governing body of the municipality will hold a public hearing with prior public notice and publication. They may choose or not choose to approve the proposed ordinance district. TDDs are created much the same way, but through a district court process starting with a petition. A petition is filed with the district court in the county where the project is proposed. This is because oftentimes they would be without city limits, so you need to go to a court rather than to a city council. Once again, you need 50 percent of the registered voters within the proposed district, and if there's no registered voters within that district, the owners of all real property located within that district or by the governing body of any local transportation authority in which the proposed project is located. Once the petition is filed, the district court follows a statutory process leading to the final judgment that certifies the petition for voter approval by qualified voters within the boundaries of the proposed district. In short, LB381 in its entirety, which includes the Community Improvement Act and the Transportation Development District Act, both components. I have some folks that are here to talk to you a little bit. In short, what I was trying to do is use some tools that other states have used around us to be successful to create tourist attractions and develop infrastructure for economic development. It is my strong belief that if we want to succeed as communities or as a state in terms of competition with keeping our young folks here and getting them to come back here and get people to come visit, we need to continue to look at all tools that everybody, at least within the Midwest, have been successful in using. I will mention a little bit a couple of the proponents and some issues. You may have got a copy of the letter from the city of

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Omaha; they were in support. Mr. Cheloha dropped that off to me again. We got that the first time. The Bankers Association came in and was concerned about public entities doing loans, and I have no problem going back to look at that language. We've got some language here that takes that out, not a big thing. Also, the new car dealers talked to me and, obviously, we want to be careful on...if where residents would be residing in that area, an extra percent of sales tax would be unbeneficial to those folks as we charge that sales tax on vehicles where it's housed and not where it's sold. So we'd want to look at some language into that if we were to go forward. Other than that, we had a great hearing in Urban Affairs last year on it. The committee was fairly excited about the ideas proposed. I do have a handout I also handed out that the folks coming behind me will talk about. It gives some before and after shots and pictures of places that were extremely successful using these tools across the Midwest, and I think it's just an example of what we could do here to create destination spots not just in Lincoln and Omaha but areas like Grand Island, Scottsbluff, Fremont, and even smaller towns if they deemed necessary. With that, I'll answer any questions from the committee. [LB381]

SENATOR CORNETT: Questions from the committee? Senator Pirsch and Senator Dierks. [LB381]

SENATOR PIRSCH: Just briefly, you said other states are utilizing this. Can you indicate, you know, just briefly what states and what (inaudible)... [LB381]

SENATOR ROBERT: Specifically, we designed this legislation around what Kansas and Missouri had done along with some...how Iowa has done it. And what we did in drafting this, we looked at what we thought those states had done correctly, and what they maybe could have done a little better, and we tried to make a better piece of language out of all three of those states as current legislation. [LB381]

SENATOR CORNETT: Senator Dierks. [LB381]

SENATOR DIERKS: Thank you, Senator Cornett. You know, Senator Rogert, I just wonder how we got as far as we have in this state without...as far as legislation before today. What is so important that we don't already...we can't hardly take care of without having this piece of legislation? [LB381]

SENATOR ROBERT: Well, I think...and I think it's some of the things that we've been missing out on. Some of the things that you'll see in that handout are places that people have no problem driving three, four, five hours to go to, and I think when we look at a state that's called the high-tax state on a regular basis, why is that? And that may be because we don't have people coming to spend their money here, and we're not creating these destination spots through the economic development infrastructure development. And I think that it's...I'm sure we've come along just fine. I'm just trying to

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create a way to further us without taxing the people of the state and probably even maybe bring the taxes down in the end run. [LB381]

SENATOR DIERKS: Is there some specific project you have in mind with this legislation? [LB381]

SENATOR ROBERT: Well, I think there could be several. One of those that I...and there's two examples in there that really astonish me, and that would be like the Plaza in Kansas City and then the riverfront in Branson. And you can see in before and after pictures what they did before and the after, and it looks really great. And my thoughts were, areas like north downtown Omaha, Benson area, the Haymarket, the new area around the state fair in Grand Island. I think it would be a great tool to help develop that area. One of the things that I thought that also would have been beneficial, when we built the West Dodge Expressway in Omaha, if we would have put a 1 percent sales tax on Village Pointe to fund that thing, the dollars generated from a place that no one goes to save any money...they go there as a destination spot, would have paid for it in a very rapid fashion, and possibly could have saved the taxpayers a lot of money in the end. [LB381]

SENATOR DIERKS: Thank you. [LB381]

SENATOR ROBERT: Um-hum. [LB381]

SENATOR CORNETT: Senator Adams. [LB381]

SENATOR ADAMS: Senator Rogert, I won't go through all the questions that I had. Up on the floor, you answered a lot of them for me, but I still have...let me just summarize and then respond. So in essence, what you're asking for is the statutory authority to create potentially two new political subdivisions, not really too dissimilar from sanitary improvement districts? [LB381]

SENATOR ROBERT: Um-hum, right. [LB381]

SENATOR ADAMS: Okay. And we know that we have given taxing authority to sanitary improvement districts, so in effect, you would be giving taxing authority to these two new entities. [LB381]

SENATOR ROBERT: In the green copy, and you know, if you remember, the amended version that came to the floor a couple of weeks ago was significantly pared down including the fact that we took out the property tax which we maybe found could have been part of the problem, why we're back here today. And I think limiting that taxing authority and letting it be voted on by the property owners in the district could be a tool. Maybe we're not ready for that but maybe we are, and it creates in my mind a user fee.

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In the terms of...if you build something in western Nebraska, eastern Nebraska doesn't have to pay for it unless they go over there to use it. In Douglas County or in Omaha, if you build something downtown, west Omaha doesn't have to pay for it unless they go down there and use it. And that was my whole idea behind the projects in this legislation and the fact that it gets funded by the people who enjoy the project. And rather than tax everybody for something they're not going to use, you put the...you allow those people who are going to use it to go down there and build it and pay for it. [LB381]

SENATOR ADAMS: Let me...three other points, and you can roll them all together or we can talk later. But...and some of these I relayed on the floor when these were up. So we're creating a new political subdivision; we're giving that subdivision taxing authority. And speculate for me or describe for me how the line will be determined, where it's going to go. And I still also have a concern about...I think you answered the question for me on the floor about if this is done within a municipality, then whatever the infrastructure is in this new area, it would obviously comply with infrastructure specifications of the city, but I'm still concerned about what happens out in the county because eventually this would be annexed in, and then we'd have problems like we already have problems with SIDs. [LB381]

SENATOR ROBERT: Sure. [LB381]

SENATOR ADAMS: And then finally, I still wonder who's going to buy these bonds if the general value of the county and/or the city isn't backing them? [LB381]

SENATOR ROBERT: Well, I'll answer...I may let the last one go to the guy coming behind me. The construction of the district and who draws the lines, I think, is done through a collaboration of the petitioners and the city council or the district court in terms of, and the folks who would be involved in it. I think if you go to the vote of an area, and you don't get enough people to vote to create the district, you may be able to recreate the district to take people out of it; you can move it around and just see who wants to be actually involved in the process. It's not necessarily a gerrymandering type of a situation. You're actually going and saying, do you want to be involved in this? And you say, all right. Well, then you just start drawing it around and then you get the vote of those folks, and you go to the council. And it can be in actuality, in Missouri for certain, they have not necessarily a limitation. Some of these can sit on top of each other. You could have a TDD sitting here and a CID sitting right over the top, and there could be a section...that is, they're on top of each other, but they're funding separate projects. So I think there's enough checks within the council and the voters of the property in there to keep the district to the areas that are wanting the development. The bonding...who's going to buy the bonds? I'll let those guys talk about that. What was your second, middle of the road...? [LB381]

SENATOR ADAMS: Well, I guess...oh, the design structure so if you're out in the

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county... [LB381]

SENATOR ROBERT: Yeah, and I don't have a problem talking about language of that. Like I say, if it's in the city...that's...I have no problem believing that the codes that will be enforced there would be enforced. Language added to say, the nearest or most likely annexing municipalities' codes would be prominent especially if you have extra territorial zoning jurisdiction around there. For big cities, that goes quite a ways, so they would probably be able to enforce that pretty easily. [LB381]

SENATOR CORNETT: Senator Hadley. [LB381]

SENATOR HADLEY: Senator Cornett. Senator Rogert, I, again, won't ask many of the questions that I asked earlier on the floor. But a concern I had, and I think it's paramount to me, is that a lot of businesses are in a very competitive situation, and I could see a business who's not in favor of this having to do it... [LB381]

SENATOR ROBERT: Um-hum. [LB381]

SENATOR HADLEY: ...because they're within the district, and so they've effectively raised their prices by 1 percent compared to other people who now have a price advantage by 1 percent. And I know 1 percent may not be a lot, but on certain things it might be a significant amount. Is that a concern? [LB381]

SENATOR ROBERT: Well, it is except I think most of the time you're using...I mean, I really think that the actual application of this legislation would be to draw more people to that business. And the ultimate effect would be we've taken that 1 percent and funded it to make it...the whole district a better place, and the draw of the people the business was in would increase. Moreover, I think every time when they've done one of these in the other states, they've all realized that it was a benefit to them, even at the beginning, when there are people who didn't want it, I really believe that they all came in the end and said: Wow! What you've done with that 1 percent sales tax has increased my business by X. And that makes more sense. [LB381]

SENATOR HADLEY: Okay, and one last question, and I don't know whether this could happen or not, but the thought crossed my mind. If, for example, we were to use the Old Market area in Omaha, as an example of where we might do it. We have people living there in condos, townhouses, and such as that, so they buy a car, and they pay \$50,000 for a car. They're in the 1 percent district, so they pay an extra \$500 for that car. [LB381]

SENATOR ROBERT: We'd want to talk about that for certain and maybe exclude that with some language. [LB381]

SENATOR HADLEY: I just wondered how you handle people who actually live within

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the district, then on purchases that are being sent to their homes. [LB381]

SENATOR ROBERT: Yep. And I answered that...I addressed that briefly in my opening, but...and I would definitely need to talk about that. Nope, no problem. [LB381]

SENATOR HADLEY: I might be (inaudible)...I'm sorry. [LB381]

SENATOR CORNETT: Senator Robert, I had expressed some of my concerns with the bill. One of them would be the fact that it doesn't give voting rights from what I can tell to people that rent inside of the district, and that theoretically, under the bill, that less than five people who don't have to even reside in the district can just own property in it which means they don't even have to reside in the state of Nebraska, have the ability to form one of these districts with the approval of the city council, raise the sales tax by a cent, and if the project fails, if you don't have the property tax component that you have in the original draft, as you did in the bill you sent to the floor, where does that responsibility fall in regards to paying off that bonded indebtedness? Does it go back to the general obligation and then have we allowed four or five people to raise the property tax for the entire municipality if the project fails? And I know that Senator Hadley had distributed information in regards to the limited success of the Kansas City Light and Power District that, you know, it looks great. I go down there; I have a great time when I go, but it has a high vacancy rate and has cost the city of Kansas City quite a bit of money. [LB381]

SENATOR ROBERT: Right. [LB381]

SENATOR CORNETT: If this district does not succeed, the questions basically are, who does the obligation fall to to pay off that bonded indebtedness? [LB381]

SENATOR ROBERT: Okay. I think you got three things and I'll try to catch them all. The first one on renters versus property owners voting to do this. I think the answer to that is renters could potentially...on the other side of that argument, could potentially vote to do this and leave. So they have done it. Property owners at least are invested in the area. They're going to continue to have the property. If something fails, then they're stuck with the property. So they do have a vested interest. The nonresident thing is something we should talk about for certain. On the bonds, these would be revenue bonds rather than general obligation, so they would be...they'd go back to the people basically who issued them, and the question is, would somebody issue them? I don't know. I think the guy...Mr. Abbott coming behind me will be better able to... [LB381]

SENATOR CORNETT: The question is, in your first draft of the draft that you brought to us today, that includes the property tax component, correct? [LB381]

SENATOR ROBERT: Right, right. [LB381]

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SENATOR CORNETT: But the bill that you brought to the floor, you had removed that... [LB381]

SENATOR ROBERT: Right. [LB381]

SENATOR CORNETT: ...so is it... [LB381]

SENATOR ROBERT: And I would be willing to talk about putting it back in there. The reason we took it out is just because of the stimulus that property tax increases can have. People get a little nervous about property taxes, and we thought, as a way to move the bill, we would take that out. [LB381]

SENATOR CORNETT: And looking at the scope of the bill, the way it is drafted, do you think it is something that we should be looking at to allow a sales tax increase for such services as maintenance, cleaning, security, or should we just be looking for the bonding? [LB381]

SENATOR ROBERT: The bonding. And we could definitely do that as well, and I...and those are all things we can surely discuss and talk about and I'm fine with either way. I think when I came in as broad as we did, we thought, let's talk about everything, and we can pare it down to something that makes sense for all of us. And the other issue on the...the power and light district is actually an entertainment district that was done as a joint venture with the city... [LB381]

SENATOR CORNETT: With the city of Kansas...right. [LB381]

SENATOR ROBERT: ...and so they chose to do that, and they know...they knew what they were getting into, and I think it was a very expensive project. And Mr. Abbott can speak to that as well. [LB381]

SENATOR CORNETT: And...but that brings me to the original concern is if the city council approves a district like this,... [LB381]

SENATOR ROBERT: Um-hum. [LB381]

SENATOR CORNETT: ...and it fails, what happens to it? [LB381]

SENATOR ROBERT: Well, on this one, I think it goes back to the investors and the bonds, whoever decided to issue and do those bonds. It's their risk. They're doing it based upon a projected revenue rather than a general obligation in my proposal on the floor. This one would have the property tax availability to at least allow that to base the...on those. [LB381]

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SENATOR CORNETT: Thank you. Further questions from the committee? Senator Utter. [LB381]

SENATOR UTTER: Senator Rogert, you're suggesting, then, the ultimate financial responsibility on this would fall back onto the value of the property. That would be where the bondholders in the event of a failure would recoup their losses. [LB381]

SENATOR ROGERT: I'm not sure that the bondholders haven't...I mean, obligation bonds in my limited bonding experience and revenue bonds have different bases of recovery. The obligation bond, yes, would come on the property tax authority. That value would be there. The general...the revenue bonds, basically, you're taking a risk upon what you think would be (inaudible)... [LB381]

SENATOR UTTER: So are you talking about strictly revenue bonds here? [LB381]

SENATOR ROGERT: I believe so, yeah. [LB381]

SENATOR UTTER: Okay. The second question would be, then that 1 percent sales tax...that's the repayment screen... [LB381]

SENATOR ROGERT: Yeah. Up to. [LB381]

SENATOR UTTER: Pardon? [LB381]

SENATOR ROGERT: Up to. [LB381]

SENATOR UTTER: Up to 1 percent. [LB381]

SENATOR ROGERT: Um-hum. [LB381]

SENATOR UTTER: Is the...on most development projects, what percentage of the money is that going to provide on a development project? [LB381]

SENATOR ROGERT: I don't know that I can answer that right off the top of my head. I mean, I think a fair amount. Sales tax probably... [LB381]

SENATOR UTTER: Are we talking about 20 years repayment? Is that what you're talking about? [LB381]

SENATOR ROGERT: Twenty...thirty and forty is what we had on here. I had... [LB381]

SENATOR UTTER: Thirty and forty years? [LB381]

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SENATOR ROBERT: Yeah, 30 on the CIDs; 40 on the transportation ones, and we had pared it down to only 30 on the bill that we had on the floor here a couple of weeks ago. I had no problem also talking about the fact that the sales tax, we could probably put it in here. The sales tax would only be eligible as long as there were an outstanding bond. Bond is paid off, the sales tax goes away. [LB381]

SENATOR UTTER: Is there any chance that there would be TIF financing involved at the same time? [LB381]

SENATOR ROBERT: It is possible, but this is what we would talk about in lieu of TIF financing where it wasn't possible to do that. [LB381]

SENATOR UTTER: There wouldn't be both at the same time. [LB381]

SENATOR ROBERT: I'm not sure that there couldn't, but we would hope that there wouldn't. But a city council would be able to determine that right away. And say you're already pulling the property tax off there for TIF financing, we don't want you to go doing revenue bonds at the same time. [LB381]

SENATOR UTTER: Next question that you won't find illogical for me to ask is, what about the fiscal note? In the year that we're facing, we've kind of got a reputation in this committee of even looking at \$3,000 fiscal notes with askance... [LB381]

SENATOR ROBERT: Yep. [LB381]

SENATOR UTTER: And we've got a \$55,000 fiscal note here. [LB381]

SENATOR ROBERT: And I addressed that a couple of different times with the Department of Revenue, and their thought was, we don't today currently have a way to track and send through...sales tax would be collected and headed right back to the funding and paying off, and that's what they would...it's a one-time charge to set that and figure that type of system out. Do I think it takes \$50,000 to do it? No, but that's what they came back with us on twice. So I understand your concern and I share your concern with that. [LB381]

SENATOR UTTER: Thank you, Senator Robert. [LB381]

SENATOR CORNETT: Senator Pirsch and then I'm sorry, Senator Loudon. [LB381]

SENATOR PIRSCH: And these can be created, these CIDs in existing, already developed areas, is that correct? [LB381]

SENATOR ROBERT: They can be created wherever the...wherever you want. [LB381]

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SENATOR PIRSCH: Would it be and it's not...we're not talking about property tax being the basis for backing these bonds, we're talking about sales tax under your latest printout? [LB381]

SENATOR ROBERT: Yes. [LB381]

SENATOR PIRSCH: Okay. Is there a risk? I mean, and the two prongs that you got to clear is collectively own at least 50 percent of the assessed value of the real property and more than 50 percent...more than 50 percent per capita of all owners of the real property within the district. Right? [LB381]

SENATOR ROBERT: Correct. [LB381]

SENATOR PIRSCH: So it's not necessarily tied to sales. In other words, and you had mentioned kind of...you were talking about the car dealers, and I know you're going to make attempts, but fill in the blank, not car dealers, but some other purveyor or merchants or large...somebody who exists now, does a lot of sales, and then around that area just people who don't have any sales of say, not even necessarily...because it would affect both residential and...the tax would be imposed...or the sales tax that backs it would affect people of those residential neighborhoods or commercial neighborhoods, correct? [LB381]

SENATOR ROBERT: Well, it would only affect residential if it was...I mean, the only sales tax collected on somebody who lives there would be, say, Nebraska Furniture Mart delivered a couch there, it would add a percent to that because we talk about where things actually land in big products. [LB381]

SENATOR PIRSCH: Yeah, but I mean with respect to...it depends. You can shape the districts however you'd like, right? [LB381]

SENATOR ROBERT: You certainly can. [LB381]

SENATOR PIRSCH: So you can customize it if you wanted to put it...if you're the neighbors around, and I'm just thinking out loud here and tell me if this is not true. If I can identify somehow building customize in a district where I'd put in the middle of it, you know, the rest of us are not providing the sales, but we want to partake, we want to essentially partake of trails or whatever service--benches, lights, whatever it is, as long as we include that entity that's collecting a lot of sales tax, but not so much that...as long as we're over 50 percent... [LB381]

SENATOR ROBERT: Right. [LB381]

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SENATOR PIRSCH: ...those who would enjoy...I mean, is that...do you...is that possible under there or are there safeguards that I'm missing, so that I don't...we don't fashion these things to kind of cherry-pick and to make...externalize the costs onto existing businesses. Well, let me ask you that...it's a good point. Is this...with respect to the sales, is it sales above the existing level? The whole idea here is you're improving an area, right? [LB381]

SENATOR ROBERT: Well, you hope to, yes. [LB381]

SENATOR PIRSCH: Yeah. Would it be above the existing sales level, only new increases that would be counted or somehow marked under this bill or...? [LB381]

SENATOR ROBERT: Not currently under the bill, no. [LB381]

SENATOR PIRSCH: Okay. [LB381]

SENATOR ROBERT: It would be an additional...it would be an additional up to 1 percent on all sales that are taxable sales. [LB381]

SENATOR PIRSCH: Is there any safeguard in here that eliminates cherry-picking? I'll cut to the chase. [LB381]

SENATOR ROBERT: City council. [LB381]

SENATOR PIRSCH: City council has to. [LB381]

SENATOR ROBERT: City council and the vote of those folks. And you have the...I mean, you have the two...the two checks. [LB381]

SENATOR PIRSCH: Okay, thank you. [LB381]

SENATOR CORNETT: Senator Louden. [LB381]

SENATOR LOUDEN: Yes, thank you, Senator Cornett. Senator Robert, sorry I wasn't here for your complete presentation, but I have looked this over, and you talk about a transportation development district. Now, can you explain to me the difference between that and what we call road districts out in western Nebraska that we use? [LB381]

SENATOR ROBERT: I can't. I'm sorry, I don't know what those are. [LB381]

SENATOR LOUDEN: You don't know what road districts are? [LB381]

SENATOR ROBERT: Can you tell me what a...can you tell me a road district? No, I'm

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from as far east as they get in the state. [LB381]

SENATOR LOUDEN: Well, your transportation and development districts include bridges, streets, roads, parking lots, and light rails, and all that. [LB381]

SENATOR ROBERT: Right. [LB381]

SENATOR LOUDEN: Out there, if we want to build a road in the county, why we set up a road district, and it's done something similar to this. It says, collectively owns at least 50 percent of the assessed value which is the freeholders. The freeholders are the ones that vote that road district in. [LB381]

SENATOR ROBERT: Okay. [LB381]

SENATOR LOUDEN: You don't have to live in that district, but you have...if you own land, are a freeholder in there then you vote that in. [LB381]

SENATOR ROBERT: Sounds similar to a drainage district in my area. [LB381]

SENATOR LOUDEN: And that...and that's already in statute, isn't it? I'm sure it's in statute because we've been doing road districts for nearly a hundred years now. [LB381]

SENATOR ROBERT: Sure. It probably limits in statute what you can use that money to do, probably only build roads, correct? [LB381]

SENATOR LOUDEN: Well, as far as I know, whatever...when you talk about transportation development, that's all...we don't need bridges out there (laugh) in the Sandhills, so that's about all we need is roads. [LB381]

SENATOR ROBERT: Right. [LB381]

SENATOR LOUDEN: But whatever you vote to do with that, and I'm wondering, have you looked through statutes to see if that can be done on a county level without having this? And, of course, that's assessed to your property tax. [LB381]

SENATOR ROBERT: No, but...it would be. And that's an interesting thought. I hadn't thought of that, but it could. [LB381]

SENATOR LOUDEN: Now that comes out of that 15-cent, you know, on your property tax...the county, there's 15 cents in there that all the fire districts and the hospitals and all that... [LB381]

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SENATOR ROBERT: Sure. [LB381]

SENATOR LOUDEN: That road district will come out of there. [LB381]

SENATOR ROBERT: So it's a...it wouldn't be an increase. Now, see, this would be an increase possible. [LB381]

SENATOR LOUDEN: Well, it's...you levy it as a property tax on that particular bench of property. [LB381]

SENATOR ROBERT: Right. [LB381]

SENATOR LOUDEN: And also in there is like Sheridan County where they've maxed out, and there is no 15-cent left. You have to have a special election... [LB381]

SENATOR ROBERT: You have to override it? [LB381]

SENATOR LOUDEN: ...in order to override that levy in order to have money to fund that. Now, I don't remember what the maximum amount you can levy, whether it's...this here, you have a 10 cents on a hundred which is ten mills. [LB381]

SENATOR ROBERT: Um-hum. [LB381]

SENATOR LOUDEN: I was thinking we didn't...couldn't levy quite that much on a road district. But I'm wondering when I see these bills floating around here, Stuthman had something similar to that... [LB381]

SENATOR ROBERT: Right. [LB381]

SENATOR LOUDEN: ...and I'm...other than the fact that you have sales tax, I'm wondering why you people aren't going down that route where there could already perhaps be legislation. [LB381]

SENATOR ROBERT: Well, I just hadn't talked to a smart rancher from out west yet. Maybe we can figure it out. [LB381]

SENATOR LOUDEN: Okay (laugh). [LB381]

SENATOR ROBERT: I have no reason to believe that it couldn't be possibly an expansion of that current statute we have. [LB381]

SENATOR LOUDEN: Okay. Thank you. [LB381]

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SENATOR ROBERT: Yeah, thank you. [LB381]

SENATOR CORNETT: Further questions from the committee? Seeing none, thank you, Senator Robert. Will you be remaining for closing? [LB381]

SENATOR ROBERT: Oh, I'll be here, but we'll probably...you guys have had enough of me. We'll probably waive it, but I'll be here. [LB381]

SENATOR CORNETT: With that, we will open the hearing. May I please have the first proponent? [LB381]

MARC ABBOTT: (See Exhibit 3) Good afternoon, Senator Cornett and members of the committee. My name is Marc Abbott with Gilmore and Bell. We're a public finance law firm. We work exclusively for cities, counties, school districts, fire districts, representing exclusively municipal subdivisions. We have offices and do work all across the Midwest. A couple things to start off with. You should have all received a hard copy of presentation materials that I could either give the entire presentation, hit the highlights, or answer questions if there's any specific questions regarding how these types of districts are used in practice. I could go ahead and start with the presentation. These funding districts, both CIDs and TDDs, referred to commonly as funding districts...on page 1, their way to generate a new revenue source to pay for project costs for new developments. The taxes are voted to be imposed by either the property owners or the registered voters, and if there are registered voters within a CID, the property owners cannot vote to impose a sales tax, but if there are registered voters that the registered voters are the people that vote in the CID tax, and the property owners do not. For the TDDs, the registered voters are able to form a TDD if there are 50 registered voters that collectively sign a petition to do that. If there are no registered voters, then the property owners are able to do that. The types of projects that these types of districts have funded have included both small stand-alone projects or some of the larger scale developments that have been discussed, and that information is provided further along that I'll cover. For CIDs, CIDs are able to fund a variety of public improvements and public services with the qualifier that these must be public improvements, that they cannot fund private construction or the four-wall vertical construction of private structures. They have to be public improvements, and a list of permissible public improvements is included there on page two. Some of the public services are then included on the next page for CIDs, and some of the ways these are typically used are for trolley services in a downtown business district. That has been done multiple times, providing for cleaning and maintenance in addition to the activities that the city or municipality already performs in the area. If the CID wants to perform additional services, it can do that in addition to providing and funding private security for the area. So on page four, dealing with how they are formed, CIDs are formed by the municipality in which they're located, either by the city council or by the county, wherever the proposed district is to be formed. The property owners would file the petition with the

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municipality. There would be a public hearing, and then the CID...the city council could choose to form the CID. Now, when a CID is formed, it is not a blanket yes or no CID. You're able to exercise all the authority that's set forth in the CID Act. But the powers of the CID, of a specific CID, can be pared down so that the CID is only able to exercise certain powers. The city that forms a CID can also say, we are forming your CID with the condition that you, the CID, agree to enter into a cooperative agreement with the city, and we do this in all of our CIDs where the city has continuing oversight over the CID, so the CID does not operate wholly independently from the city. The city can require what type of funding mechanisms can be imposed. The city can limit what types of projects can be constructed. The city council...well, the mayor, typically, with the consent of the city council typically assigns or appoints all the members to the CID board, so once a CID is created and is operating, we have never worked with a city and since I've been with Gilmore and Bell, we've worked with maybe 35 to 40 different CIDs where the city just created the district and then said, you're able to exercise all the powers you want. The city always requires a cooperative agreement where there is continuing oversight on the part of the city. And so any type of concerns with the design or the standards of which a public improvement will be constructed, the city is continuing oversight into the process. And so that's the way that the city guarantees the quality of construction. With page 5, this is an example in Independence, Missouri, where the city...it was a city-led project to create an indoor hockey arena. They just started...a minor league hockey team just started playing there, and they have a second sheet of ice facility for ice skating for the general public. In the hockey arena, they also have it set up for smaller stage concerts, banquet facilities, and such. This project is funded from revenues from a sales tax that the sales tax was voted upon by the registered voters located within the CID. And the registered voters voted to impose the sales tax in order to fund construction of the hockey arena, the entertainment facility, with the idea that the extra traffic generated by the arena would benefit the surrounding...the surrounding areas. On page 6, this is an example of the trolley service mentioned previously in downtown Branson. If you look, there's two images on that page, kind of the map grid line. Along the right-hand side of that is Lake Taneycomo and along the lake was...started construction back in '04 is the Branson Landing area. The trolley service, the property owners and business owners in the downtown area that is to the left, so to the west of the riverfront, voted to impose...create a CID and impose a sales tax that would fund a trolley service that would take customers from the Branson Landing throughout the downtown established shopping area back and forth to the landing, so they could benefit from the extra traffic being generated by the Branson Landing. We then come to TDDs. One caveat--CIDs are able to fund all projects that a TDD is able to fund. A TDD is only able to fund and construct transportation related improvements, and there are additional provisions in the TDD Act, so that the Nebraska Department of Roads, if it is going to be a project that's merged into the state system or the local municipality called Local Transportation Authority have to approve the plans of construction and have to then agree to incorporate the project into their system. So without the approval of the Department of Roads, if it's a state project or the local

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municipality if it's a local project...without that approval, the project...it can't be constructed, and there can be no funding that takes place. So the appropriate authorities must sign off on the project. Just one more thing to add, on page 8 is, again, when the TDD is formed for the project, there is...we have yet to be involved with a TDD where there is not also a cooperative agreement that is also entered into that the city...and also in Missouri, the Missouri Department of Transportation required the TDD to enter in two separate agreements. So not only is there oversight by statute, but there's oversight in the form of the contractual agreement between the district and Department of Roads, of transportation, and the local municipality. Page 9 illustrates the transformation of the Branson Landing area and in that the TDD revenues are being used to fund the interior streets, public parking garage, and surface parking, and then private development and private dollars were used to construct commercial facilities, lofts, and other private property. The next page is a TDD example which was used to fund a large-scale development, also in Independence, where there was Bass Pro Shops and a variety of other retail spaces constructed. An example where a TDD was used on an existing commercial area was in The Plaza which is on page 12. Back in the end of the 1990s, all the properties and business owners got together and voted to create a transportation development district and to impose a sales tax that was used to fund private garages, both surface parking and garages, that that TDD allowed them to accomplish collectively what individually they would not have been able to do. So it was the business community coming together on their own to form this TDD and impose the tax. The next page is an example of how a TDD was used in connection with a regional airport. And page 14, these were the numbers as of 2008, but there were 154 CIDs in Missouri; 122 TDDs. Funding districts are created at the request of private developers of the cities themselves. We have TDDs where cities are working in connection with each other to form TDDs in the statute. The statute sets out how cities can cooperate to form these. Page 15 lists other states that have similar districts since this was created is what...when I presented this presentation last year to Urban Affairs. Since then, Kansas has also approved, in the last legislative session, a CID bill; so Kansas now has CIDs also. The main difference between the primary economic development tool available in Nebraska right now, tax increment financing and the funding districts, is that tax increment financing redistributes tax revenues from the existing taxing jurisdictions. So if there's a new project where a city approves TIF, the tax revenues that otherwise would have gone to the schools, ESUs, NRDs, whomever...that existing tax revenue is redistributed and given to pay certain project costs. With the funding district, the tax revenues that would have otherwise gone to the taxing jurisdictions, they still get their same amount of taxes, but the district itself creates additional revenue, and that revenue is generated by the people who use the facilities within that district. The funding options that are available in both CIDs and TDDs, there's two kinds--one called pay as you go. If the development or the developer has enough funds, sufficient funds on hand to fund construction, they can do that out of their pocket and then be repaid over time by the revenue generated by the district or the district can issue debt. These are strictly revenue bonds. There is no...the bill does not provide for any general obligation

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authority, so it's strictly based on the revenue generated by the project. And these bonds can be sold either publicly or by private placement. The security for the debt can be any type of security to which the parties involved agree. With the power and light district, the city was involved with that project both by condemning the land initially to wanting to improve the area, and it was the city council's legislative decision to back those bonds. So if you have a specific funding district that is created, funds a project, and for whatever reason, the district stops generating revenue, doesn't generate sufficient revenue, or the whole plan goes belly up, there is no exposure to the city in which it's located, to the county in which it's located, or anybody else unless the city or county makes the legislative decision that this project is important enough to us that we want to back these bonds in order to generate sufficient interest among bond buyers. So unless a city makes that decision to do that, the sole security for the bonds is the revenue generated by the district. There can also be mortgages of property within the district that is an option if the property owners choose to do that, the developers choose to do that, but in its base form, the security is just the revenues that are generated. Regarding the...one concern regarding property owners able to create one of these types of funding districts and then to impose these extra taxes, property taxes, special assessments, sales taxes on the renters who live in the area...if there are renters in the area, if they are registered voters, that precludes property owners from forcing through this...forcing through a new tax on them. If there are no registered voters located within, for example, a CID, then the property owners can vote to approve a tax. If there are a hundred property owners that own property within the CID and there's one registered voter, it's the registered voter's sole voice that is counted in the election. And looking over my notes, that may have been all that I wrote down based on some of the earlier comments. If you have any questions about how these are used typically or... [LB381]

SENATOR CORNETT: I know. I have a feeling you're going to get a few questions. [LB381]

MARC ABBOTT: Okay. [LB381]

SENATOR CORNETT: Senator Adams. [LB381]

SENATOR ADAMS: Well, let me begin with the bonding. I understand what you're saying that the city or county, in effect, unless they choose to be a partner in this, exempts themselves from liability on the bonds. [LB381]

MARC ABBOTT: Correct. [LB381]

SENATOR ADAMS: Okay. So here's what I'm wondering. How do you market a bond where you're going to have a revenue stream such as sales tax which rises and falls and not have some kind of...without some kind of general obligation? I mean, who's going to want to buy those bonds? And then let's assume it's inside of the city, and they

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did figure out a way to market the bonds, and they sold them, and the thing goes belly up. Now what happens? I mean, I guess what I'm doing, I'm comparing this in part to SIDs... [LB381]

MARC ABBOTT: Um-hum. [LB381]

SENATOR ADAMS: ...where you've got bad debt out there and then the city grows around it; it doesn't want to annex it because it doesn't want to inherit the bad debt, the bad infrastructure design. Put me at ease. [LB381]

MARC ABBOTT: One of the main reasons that the city...when a CID petition is filed with the city and the council has a public hearing to consider it, they are not required to approve it even if it meets all the statutory requirements to make it legally sufficient. If the developer comes and said, this is what I want to do in the CID. This is what the funding will be used to pay for. If the project is not attractive enough where the city is not convinced that it will be a good enough project to be able to market the bonds, the city doesn't have to form the CID and to approve the sales tax to be submitted to the voters. The developer has to create a development that is attractive enough and with tenants whose quality is sufficient to generate interest from bond buyers. These... [LB381]

SENATOR ADAMS: How do you do that over 30 or 40 years? [LB381]

MARC ABBOTT: If you have a projected tenant who is a small mom-and-pop shop that is not nationally known, that is not well known, that there is no track record of them in the industry, you're not going to find any buyers for those bonds. If you have a prospective tenant who has committed to the project, that they have a national presence, that their stores have a history of success, then based on other locations you can estimate what the projected revenues are going to be, and this is typically how they always work is that those projections are what are used to market the bonds, and they sell all the time. [LB381]

SENATOR ADAMS: So if the deal goes south, bondholders beware. [LB381]

MARC ABBOTT: That's...and that's one of the reasons why these types of bonds typically have higher than usual interest rates because they're going to be much higher than Geo bonds--regular Geo bonds, much higher than say, sewer revenue bonds that the city already has. If it's a brand new development, the interest rates can be quite high. If it is an area such as The Plaza in Kansas City where there was a track record, these are the revenues that the area was generating and based on this...these historical revenues, were able to then size these bonds appropriately to build the...to issue the bonds to pay for the parking garage, they can do that. But if it's brand new from ground up development, it's a risky investment. [LB381]

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SENATOR ADAMS: What's the potential for gerrymandering these districts until you finally get the vote? [LB381]

MARC ABBOTT: The perimeter of a district can look like whatever form of amoeba you would like. That...my perception is that these districts are being viewed as very large districts with a multitude of lots in them. In practice, there are large districts out there; those are common. There are, by far, more smaller districts where it's only a few property owners, a few developers that are approaching the city with this idea of just imposing or creating a funding district on just a few small lots, a few acres--not a large area. So it is more common that they will actually be smaller districts in practice. [LB381]

SENATOR HADLEY: Senator Cornett, thank you. From a tax policy perspective, why should the state get involved with setting these up from a policy standpoint? [LB381]

MARC ABBOTT: Not to be that...with the caveat that this is a little bit outside my expertise as far as a legislative decision, but if you have potential developers and frequently these are not out-of-state developers coming in to form these funding districts. There can be out-of-state tenants, but it's usually the current property owners that are forming the districts, holding the property and then leasing to any national retailers. But as far as allowing these taxing districts to do that, and giving them the taxing authority to impose an additional tax, if there is any reason why a national retailer or any kind of national development is looking at sites across the Midwest...Kansas offers these; Missouri offers these; Iowa offers these; Colorado offers these. And it could be viewed as a disincentive to want to do a substantial project in Nebraska if there are other incentives available to the project out of state. And if there is quite a bit of competition, working with both municipal financing and helping cities with their economic development projects, there's a lot of competition these days, and the more tools that a city or a state has to offer a particular project, the more attractive coming to Nebraska could be. [LB381]

SENATOR HADLEY: Can I follow up on that point with just another quick question? We have a bill that will probably if it has...and I can't remember if we voted on it or not, but a turnback that deals with arenas. And I notice one of your projects is an arena here, so we're putting into place a proposal already to handle arenas. So the question I have on this Independence events center...did they use turnback on that also? Did the state give up part of its portion of the sales tax... [LB381]

MARC ABBOTT: No. [LB381]

SENATOR HADLEY: ...and the city Independence give up part of its portion of its sales tax to make this go? [LB381]

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MARC ABBOTT: It did not. It's...the primary funding was...the primary revenue source was the CID tax which...and as an offshoot, the tax can be imposed anywhere up to 1 percent. Easily half of the districts that we represent do not impose a tax at the full 1 percent because they know that if they have a new development, it's hard to attract tenants if they know that they're going to have to apply an additional 1 percent to all their goods. So frequently, it's something less than 10 percent that the district actually imposes. But the primary source of revenue to pay debt service on the bonds for the Independence events center was the CID sales tax. [LB381]

SENATOR HADLEY: And just one last thing, I guess, and I probably need to work through this in my mind, but in the past, we dealt with, you know, turnbacks and such as that but...or in economic development where a developer spends extra number of dollars for sales tax, and we give it back to them because (inaudible). But here we're asking the taxpayers basically to fund a private project with tax dollars, and I guess that kind of bothers me from a philosophical standpoint... [LB381]

MARC ABBOTT: Yeah. [LB381]

SENATOR HADLEY: ...that I'm saying to the taxpayer, you're the one that wants to build...you know, you're going to have to build this arena, and I don't know whether...was this a private or...I don't...it doesn't make any difference, but it could be a private developer who is going to be able to use tax dollars to fund their project. And I guess that...from a tax policy standpoint that bothers me. [LB381]

MARC ABBOTT: A couple comments. These...any revenue generated by any of these funding districts can only be used to pay public improvements. But I can see that if the funding district is paying for the public roads to come into a private facility, that that's where the concern might be. The way that cities and other states are viewing this, as opposed to tax increment financing where all of the property taxpayers...their property tax dollars are being redistributed if a TIF project is approved to pay for part of the project costs whether or not they want to utilize this new improvement or not. A funding district is...if potential customers don't want to go there because they don't want to pay the extra 1 percent, they can vote with their feet and go other places. But if there's a new development, an attractive development that is constructed, the customers are paying for the benefit of having a new development. But they are paying that additional tax, yes, sir. [LB381]

SENATOR HADLEY: Thank you. Thank you, sir. [LB381]

SENATOR CORNETT: Just a couple of questions. As you said a little bit ago, currently, there's a lot of competition for different types of projects from state to state. You mentioned that your company was involved with 35 of these projects or approximately

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35, and how many projects do you estimate there are like this? [LB381]

MARC ABBOTT: In Missouri, there were...and this was as of 2008 because funding districts have to be registered. After they're formed, the state has to be notified, so the state keeps track. There were 154 CIDs and 122 TDDs. [LB381]

SENATOR CORNETT: How many of them do you know are in financial trouble? [LB381]

MARC ABBOTT: I don't have that information. [LB381]

SENATOR CORNETT: How many of the 35 that you were involved in forming are in financial trouble? [LB381]

MARC ABBOTT: Financial trouble, in that frequently when... [LB381]

SENATOR CORNETT: In that they're having trouble filling the vacancies, that they're not making enough to make the bond payment and the sales tax? [LB381]

MARC ABBOTT: When bonds are typically sold, there has to be a reserve fund set up. [LB381]

SENATOR CORNETT: Um-hum. [LB381]

MARC ABBOTT: I am not aware of any of the districts we represent where they issued their own bonds where any have had to access the reserve fund. So they may have problems with tenancies, but one of the things that we do, being primarily a bond firm is that when we get cities involved with these projects, even though they're not on the hook for the debt, if you have a project go belly up, and there's public and bonds that were issued by the CID or TDD, if those bonds go belly up, the city is not liable for payment, but it can be viewed fiscally as a black eye to the city. So when we do projections for cities and the underwriters that we work with, again, we represent only municipalities--not private developers--we consciously project low, so that's the reason. [LB381]

SENATOR CORNETT: You only represent cities. [LB381]

MARC ABBOTT: Correct. [LB381]

SENATOR CORNETT: Well, the bill here is also talking about private developers, correct? [LB381]

MARC ABBOTT: A funding district can be... [LB381]

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SENATOR CORNETT: Either. [LB381]

MARC ABBOTT: ...petitioned by whomever. [LB381]

SENATOR CORNETT: Correct, but you're saying that your firm does due diligence, but if we do this the way it is currently written, another firm may not do due diligence in that regard, if it's a private entity. Am I correct? [LB381]

MARC ABBOTT: That...that is correct. [LB381]

SENATOR CORNETT: Okay. And then what happens if this district fails? How is it dissolved? And if it does fail and it's sitting there, does that sales tax increase follow to the next purchaser of that property? How is the district dissolved and how do they file bankruptcy for one of these? [LB381]

MARC ABBOTT: We have never... [LB381]

SENATOR CORNETT: I don't mean you specifically, but you're talking about opening a door here... [LB381]

MARC ABBOTT: Right. [LB381]

SENATOR CORNETT: ...for private development, not just development for municipalities. And if you're talking about development for municipalities that maybe yours don't, but tendency to fall back on the property tax. [LB381]

MARC ABBOTT: Right. There is no...there would be no...if, for whatever reason, the commercial enterprise that's generating sales tax...if there is sales tax...if that closes, there is no obligation on the part of the funding district to impose a property tax at the maximum amount needed to pay debt service. So if the sales tax revenues or whatever tax revenues aren't sufficient to pay the bonds, the bondholders...that's just the risk they take. If a retail establishment or whatever business operating within the TDD go black and the TDD itself would not be bankrupt because... [LB381]

SENATOR CORNETT: We're talking about the CDD or whatever it is also. [LB381]

MARC ABBOTT: CID? [LB381]

SENATOR CORNETT: CID. [LB381]

MARC ABBOTT: Correct. If I say CID or TDD... [LB381]

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SENATOR CORNETT: Because the transportation district is a little bit different than what... [LB381]

MARC ABBOTT: Right. Let's use...I'll just say CID. If the retail commercial businesses within the CID, if they all go black, and there aren't sufficient revenues being generated, as long as bonds are outstanding, the CID couldn't be... [LB381]

SENATOR CORNETT: Dissolved. [LB381]

MARC ABBOTT: ...couldn't be dissolved, but... [LB381]

SENATOR CORNETT: So what type of obligation follows the next purchaser of that property or that business? [LB381]

MARC ABBOTT: That they would have to impose the sales tax or the property tax at the same rate that it was now. The rate wouldn't be automatically increased in an amount sufficient to pay debt service; it would just be whatever the current level is. [LB381]

SENATOR CORNETT: So it basically becomes an encumbrance on the property until that bond is paid. [LB381]

MARC ABBOTT: Correct. [LB381]

SENATOR CORNETT: Further questions from the committee? Senator Utter. [LB381]

SENATOR UTTER: Probably a good example of this is over in Senator Hadley's district, and the arch project. I don't know whether you're familiar with that or not, but we put the arch across the interstate. They financed that with bonds, and I think there's a whole busload of disappointed bondholders involved in that project, and, frankly, they (inaudible) off the bonds down to the point where they could...to where they could...they thought they could service the bonds, and then I'm not sure that that's happening now again even at a much lower level. [LB381]

SENATOR CORNETT: Further questions? Senator Pirsch. Next proponent? Are there any further proponents? [LB381]

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 today just to support the general concept embraced in this bill. We are pleased to work with the committee and, Senator Rogert, if you decide to tighten up provisions, we think, for example, that provisions dealing with municipal powers needed to be tightened so it cannot be a nonprofit corporation; it would only have to be a political subdivision. Secondly, as with LB1018, that this would have to be...could not be done by the

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initiative process, it would have to be done solely through a process whereby the city council itself chooses to do this. You cannot just have a company for something like this to happen. But we are familiar with these sorts of projects throughout the country and know that these things have been very successful as the proponents have indicated. And I think the committee has already raised some other significant issues that I'm sure Senator Rogert will be happy to work with the committee in addressing. I'd be happy to respond to any questions you might have. [LB381]

SENATOR CORNETT: Seeing none, thank you, Ms. Rex. [LB381]

LYNN REX: Thank you. [LB381]

SENATOR CORNETT: Next proponent? Are there any further proponents? Are there any opponents? Is there anyone here to testify in a neutral capacity? Senator Rogert. Senator Rogert waives closing. That ends the hearings for today. [LB381]