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Natural Resources Committee  
February 02, 2011

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[LB243 LR51CA]

The Committee on Natural Resources met at 1:30 p.m. on Wednesday, February 2, 2011, in Room 1525 of the State Capitol, Lincoln, Nebraska, for the purpose of conducting a public hearing on LB243 and LR51CA. Senators present: Chris Langemeier, Chairperson; Ken Schilz, Vice Chairperson; Tom Carlson; Mark Christensen; Annette Dubas; Ken Haar; Beau McCoy; and Jim Smith. Senators absent: None. [LB243]

SENATOR LANGEMEIER: (Recorder malfunction)...1:30 and welcome to the Natural Resources Committee hearing. I'd like to welcome everybody that's here in the crowd that's come to participate and all those that are watching on the closed-caption television and on the cable networks, as well as those that are watching us live on the Internet. Welcome to the Natural Resources Committee. My name is Chris Langemeier, I'm the Chairman of the committee. I'd like to introduce our committee members that are with us today and as...before I start that, you'll see our committee get up and leave. They do have other bills they have to introduce in other committees so they will be obligated to go to those committees and they will come back when they're done. But starting to my far left or your far right we have Senator Jim Smith from Papillion. Senator Ken Haar is in a meeting and as soon as it concludes he will be with us from Malcolm, he'll be back. Senator Christensen is introducing a bill in another committee, and so he will be with us momentarily from Imperial, Nebraska. We have Senator Ken Schilz, who is also Vice Chairman of the committee, is from Ogallala, Nebraska. Then we have Laurie Lage who is legal counsel for the committee. And then to my right, or your immediate left, we have Senator Annette Dubas from Fullerton. And then we have Senator Tom Carlson, who has to go introduce a bill, be leaving momentarily, from Holdrege, Nebraska. And then we have Senator Beau McCoy from the Elkhorn, west Omaha area of Omaha. We have Barb Koehlmoos who is the committee clerk is on the end. She'll become a vital part of this committee hearing today. And then we have Katie DeLashmutt who is from Burwell, Nebraska, and she is a senior at UNL and she is our page, helping us in the Natural Resources Committee as we go forward today. For those of you that wish to testify, in the corners of the room you're going to see a green sheet. We ask that you fill it out in its entirety and when you come up to testify, if you'd give that to Barb, and it helps us keep track of those that testified for the record. If you're here today and you just want to be part of the process, but you're not planning to testify, we also have another piece of paper in the corner, looks kind of like a spreadsheet, that we ask that you fill out your name and whether you're in support or opposition to the bill that's before us today so we can have that you were a part of the discussion but you didn't choose to testify which either way that you would like to do that. At this time, we, in the Natural Resources Committee, we do use the light system. You'll see the lights in front there. We do give each testifier five minutes to testify. After four minutes the yellow light will come on, that's your one-minute warning. And then we have a red light that we ask you to stop your testimony and allow yourself available for questions. If you have

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anything you'd like to hand out to the committee, we ask that you have 12 copies. If you know right now you need a couple more copies made, please raise your hand and Kate will be happy to help you with that, get your testimony and the right amount of copies. When you come up to testify we ask that you state and spell your name, first thing you do when you come up. That helps us get you entered into the transcription and make sure we get your records all done correctly. At this time, we all like you to look at your cell phone and please turn it off or to vibrate so we don't disrupt those that come before us. The one thing I didn't mention is on testifying, when you come up, if there's anything you want us to look at, if you physically give it to us to look at, we have to keep it for the record. So if it's something you want to show us, but you want it back, please just show it to us from the table, because if you do hand it to us, we have to keep it for the record. And with that, that concludes everything that I had there. We are ready to have the opening from Senator Carlson on LB243. Good afternoon.

SENATOR CARLSON: Good afternoon, Senator Langemeier, and members of the Natural Resources Committee. My name is Tom Carlson, spelled C-a-r-l-s-o-n, representing the 38th District here to introduce LB243. LB243 adds one ex officio, nonvoting member from the Legislature to the Republican River Basin Water Sustainability Task Force. The task force was formed by this body last year in the passage of LB1057. At that time the intent was to include any senator who had a portion of his or her district in the Republican Basin. Senator Hansen has participated in the meetings to date. However, it was brought to my attention that a portion of District 37, represented by Senator Hadley, would also qualify, having land in the Republican Basin. And so he would qualify, or should qualify to be a nonvoting member. This bill would expand that membership from four to five senators. I ask you to advance this bill to the full Legislature with an emergency clause so that Senator Hadley may officially attend our meetings of the task force. I think the task force is functioning very well. We're making progress which is very, very important and we want to continue to do that and Senator Hadley should be a part of it. So that's my request in LB243 and I'd be happy to answer any questions you might have. [LB243]

SENATOR LANGEMEIER: Very good. Are there any questions for Senator Carlson? Senator Dubas. [LB243]

SENATOR DUBAS: Thank you, Senator Langemeier. Thank you, Senator Carlson. And my question isn't, probably, directly related to your bill, but I was very supportive of the creation of this task force. I think it's great that you brought all of those invested people to the table. Has the attendance at the meetings been good? Has everybody who was appointed to the task force participated to a degree that you are satisfied with? [LB243]

SENATOR CARLSON: Attendance has been very good. When you have...we have 22 voting members. So the first meeting we had, there was one individual that was at a funeral. That makes sense. The next one, one individual wasn't feeling well, so that

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makes sense. But there's been good attendance, good discussion, and then we have a lot of other people from the public that attend the meetings as well. And so there's been a lot of interest and I really think that we're benefitting from what's happening here. I'm seeing some attitudes soften and people realize we've got to work together on this thing and come up with a plan that is good for everybody. [LB243]

SENATOR DUBAS: Sometimes I think the best thing we can do as senators is just to facilitate those types of discussions and, you know, it's hard to get people with all those different viewpoints together. And so that was my hope that by getting everybody together, along with educating, just getting lines of communication open. So I'm very glad that you're having success with this and applaud your efforts. [LB243]

SENATOR CARLSON: Well thank you, I appreciate the question. And in the whole scope of things, I don't know how sold I am on task forces, but certainly the Vegetation Task Force has been productive and I really think this one is as well. So, in addition to getting together and saying a lot of things and at the end having said a lot was talked about and not much done, I think we're going to make progress here. [LB243]

SENATOR LANGEMEIER: Very good. Are there any other questions? Seeing none, thank you very much. [LB243]

SENATOR CARLSON: Okay. Thank you. [LB243]

SENATOR LANGEMEIER: Is there anyone that would like to testify in support? Seeing none. Is there anyone that wants to testify in opposition? Senator Haar, you raised your hand there, I thought maybe you were going to... [LB243]

SENATOR HAAR: No, I was trying to get her attention. [LB243]

SENATOR LANGEMEIER: Is there anyone that wants to testify as neutral? Seeing none. Senator Carlson, do you want to close? Senator Carlson waives closing. That closes the hearing on LB243. Thank you. Now we'll open the hearing on...Senator Heidemann is here, we'll open the hearing on LR51CA. Good afternoon. [LB243]

SENATOR HEIDEMANN: Senator Langemeier, members of the Natural Resources Committee, I am Senator Lavon Heidemann spelled H-e-i-d-e-m-a-n-n, representing District 1 of the southeast corner of the state. I'm here today to introduce LR51CA. LR51CA is a constitutional amendment that would alter the distribution of the state lottery revenue. Currently, according to the Nebraska Constitution, state lottery revenue, after payment of prizes and operating expenses, and the initial transfer of \$500,000 to the Compulsive Gamblers Assistance Fund, is distributed as follows: 44.5 percent to the Nebraska Environmental Trust Funds to be used in accordance with the Nebraska Environmental Trust Act; 44.5 percent used for education as the Legislature may direct;

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10 percent to the Nebraska State Fair Board if Grand Island provides matching funds; 1 percent to the Compulsive Gamblers Assistance Fund. Under LR51CA, instead of 44.5 percent going to the Environmental Trust, 22.25 percent would go to the Water Resource Cash Fund and 22.25 percent to the Board of Regents of the University of Nebraska for Innovation Campus through 2038, after which time such funds would be transferred to the General Fund. That's a 25-year period. If passed by the Legislature, this constitutional amendment would be placed before the voters at the general election in November, 2012. To address the argument that voters have spoken, I wanted to point out that the constitutional amendment would give them another choice to voice their opinion based on the priorities of the state today. To give some history, in 1992, two issues were before voters, one that authorized the Legislature to establish a state lottery was passed by the voters. The other allowing the Legislature to use some of the proceeds to reimburse Commonwealth depositors failed. Therefore, until 2004 when the current method of distributing lottery proceeds was adopted by the voters, the constitution stated that the proceeds were to be used by...for the cost of establishing and maintaining the lottery and for other purposes as directed by the Legislature. Implementing legislation for the 1992 constitutional amendment was established, the state lottery was passed in 1991. Under LB849, the money remaining after the payment of prizes and operating expenses, 49.5 percent would go to the Education Innovation Fund; 49.5 percent to the Legislative Assistance Fund, which we found was very interesting; and 1 percent to the Gamblers Assistance Fund. In 1992, still prior to the passage of the constitutional amendment, LB1257 struck down the provision distributing 49.5 percent to the Legislative Assistance Fund, changing it so that 24.5 percent went to the Solid Waste Landfill Closure Assistance Fund and 25 percent to the Nebraska Environmental Trust Fund with all 49.5 percent transferring to the Nebraska Environmental Trust Fund after July 1, 1997. As you know, the distribution from the Education Innovation Fund has changed from year to year. In the current statute, Section 9-812, there are seven different distribution formulas from 2005 to 2006, through 2016 to 2017. And the Education Committee is currently considering additional uses of the revenue such as taking the funding for the gifted and early childhood education. Therefore, it is clear that the use of the proceeds from the state lottery fund has changed numerous times over the years. Legislation passed in 2007 created the Water Resources Cash Fund; \$2.7 million is annually transferred through the General Fund to the Water Resources Cash Fund to 2018. The Water Resources Cash Fund supports implementation of the integrated management in fully and overappropriated basin programs and activities to help Nebraska meet its obligations to the three states which is Nebraska, Colorado, and Wyoming, agreeing to address endangered species habitat needs in the Platte River Recovery Implementation Program and programs and activities to assure compliance with the Republican Basin Compact. Under a bill introduced by Senator Carlson and passed by the Legislature last year, the use of this fund is expended to include enhancing streamflows or groundwater recharge in basins that are fully or overappropriated or bound by an interstate compact. LR51CA would provide another source of revenue for the Water Resources Cash Fund. According to

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the Department of Natural Resources and Brian Dunnigan's letter in support of LR51CA, he states that it is anticipated that the currently known needs are in excess of \$100 million over the next 11 years. Nebraska Innovation Campus, which is the other part of this, is probably one of the most exciting things to happen in our state in many years. The University of Nebraska is Nebraska's only public university. Nebraska Innovation Campus will provide space for public-private partnerships, allowing private businesses to access faculty research in the development of marketable innovations. The main objective in creating the Nebraska Innovation Campus is to provide a site to expand university research and build private sector partnerships for long-term economic benefit of all Nebraskans. The next thing I'm going to say I think is very important. The ultimate goal is to create new opportunity and jobs across Nebraska. Currently, approximately \$13 million to \$14 million is transferred annually to the Environmental Trust Fund from lottery proceeds. If this constitutional amendment were to be passed by the Legislature and voters, approximately \$7 million would go each year to the Water Resources Cash Fund and the Nebraska Innovation Campus annually. After 25 years, that part would then revert back to the General Fund. I feel that these are two of the most important issues facing our state, keeping the sustainability and quality source of water for our residents and agricultural interests, as well as meeting the requirements of various compacts and agreements with the federal government. And also, number two, to educate...education and jobs for our youth in an effort to keep our graduates in Nebraska and to grow our economy. This constitution amendment would help ensure that both of these important issues facing our state are addressed. I'm not saying that the Environmental Trust Fund hasn't funded worthwhile projects. I just believe our priorities may have changed and we need to move our state forward in light of our current economic conditions. I'm going to go off of script here for a little bit. I jotted a few things down and I would just like to share with the committee and anybody else who happens to be watching. First thing I want to state is I have nothing against the Environmental Trust, they have done great things and I want to state that. If you look at things that they have done in my districts, they have helped my district. I have actually asked myself why I want to introduce this because where the money will go to, Water Resources Cash, and Innovation Campus, as a whole, I mean, you're not going see any money float down to District 1. But looking for our priorities, I think this is important to consider this. I had a conversation with Mark Brohman from the Environmental Trust after I did this and I assured him it was nothing against either the Trust or him and I was a little bit leery about this, because I consider him a friend, actually, and his wife is from my area. She grew up not too far from me. So I was very leery about doing this, but I got to thinking that wouldn't be exactly fair either because I dropped a bill that would redo defined benefits to cash balance and that would affect my wife so if I can do it to my wife, hopefully, I can...would be all right to throw something maybe a little controversial on this side too. I want to state and I want to make it very clear that the University of Nebraska had nothing to do with this. And actually it caught them off guard. I came up with this myself on the weekend. It was Martin Luther King weekend. We were going to have a Monday off and I couldn't sleep the evening on Saturday night

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and about 2:00 in the morning is actually when this came to me laying in bed. And Monday morning I called Kim from my office and happened to be a day off and we started to...she no longer had a day off, by the way, we started to work on this. We had to work very fast because bill introduction was going to cease; so this came from me. And I did it because I was looking for priorities. And I had made a comment and it was picked up by the, I think, Lincoln Journal Star, that it was a good time to reinvent government with the current situation that we're in. And I've had people tell me that they were going to hold me to that. And this is one of the results of why I'm doing this is because looking at the current situation we're in, I think we do need to look for priorities and we need to look at what we have done with the assets and the resources that we have and this is two things that I think that this Legislature needs to address. And when you look at water issues across this state, they're huge and they're going to cost some money. And I think this Legislature, if you look back at the history of it, realizes that it's important, but we've struggled to come up with funding. And we either need to address this issue now or, as Chair of Appropriations Committee, I believe that this issue is going to come back and bite us and cost us a lot more money down the road. And that makes me very, very nervous. The other part of this is, and where the money would go to be Innovation Campus. We had a discussion started three to four years ago with State Fair Park and Innovation Campus. If you would look back through the transcripts, I think you would see that I had an issue with moving a vision and a dream ahead without funding. And sometimes we as a legislature have a track record of coming up with ideas and coming up with things that we think would be good for the state of Nebraska, but we fail time and time again to figure out how to fund them. And this is the reason at 2:00 in the morning that I thought that these two ideas needed to be, maybe, brought together and bring this idea together and present it and see where it went from there. Going back on how we do things now, looking at the current economic times that we're in and the revenues that we've got coming in, I want to state, and once again nothing against the Trust, but they have a budget of \$542,000 a year to administer \$14 million worth of grants. And as we looked at that operating expense, and I just start...I'm a little bit of a numbers guy, and I've been criticized for that before, but I started rolling in my head over the 25-year period that we would fund Innovation Campus, that \$542,000 equals \$13.5 million over that 25-year period. And as we're looking about how best to spend money in this state, I question that large amount of money being spent for...administration. I want to say that...and I'll close with this, and I need to get back to Appropriations, so before I forget, I'm going to...at the present time, anyway, I'm going to waive closing. We will monitor some things. If I think I need to come back and address them I will be back, but we've got a lot of things going on in Appropriations so I will waive closing at the present time anyway. I want to leave you with this thought. This isn't going to be a vote coming out of this committee and this will not be a vote coming out of this body to undo the Environmental Trust. It's not going to be a vote to give money to Innovation Campus and the Water Resources Cash Fund. It's going to give the people of the state of Nebraska the opportunity to chose priorities. Pure and simple. Because we cannot undo the constitution ourselves. That takes to a vote of the people.

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And I think it's a great time to get looking at the situation, the current economic situation we're in, it's a great opportunity to give the people of the state of Nebraska an opportunity to pick priorities. So with that, I'd be happy to answer...try to answer any questions you might have. [LR51CA]

SENATOR LANGEMEIER: Very good. Are there any questions? Senator Haar. [LR51CA]

SENATOR HAAR: Yes, well, obviously, I disagree with you that environment is less important than these other things. Would you support expanded casino or just gambling to perhaps cover water resource. I mean, if...we haven't been able to find a fund for that, instead of taking this environmental fund, do you think, maybe, we should expand gambling, generally, and have casino gambling and dedicate that to the Water Fund? [LR51CA]

SENATOR HEIDEMANN: I...probably if you look at my track record, my history, it wouldn't show much of a support for expanded gambling. [LR51CA]

SENATOR HAAR: And could you just tell me... [LR51CA]

SENATOR HEIDEMANN: It's just who I am and what I believe in. I think every dollar that's spent in a casino is one less dollar spent on Main Street, Nebraska. I think in the long run it's not beneficial for the state. That's my opinion. [LR51CA]

SENATOR HAAR: So do you think then that gambling is a good source for the Cash Water Fund and Innovation Park? [LR51CA]

SENATOR HEIDEMANN: We have the lottery in place right now. I said expanded gambling. [LR51CA]

SENATOR HAAR: Uh-huh, right, and that's what I asked you too. What about, you know, if we open up this whole can of worms again, I think you're going to give the environmental groups a really great opportunity for organizing, but. [LR51CA]

SENATOR HEIDEMANN: This is a great time for the people of Nebraska to reaffirm their commitment to the Environmental Trust. There are opportunities here for the Nebraska Environmental Trust, there's no doubt. And if the people would...if we pass this and the people would vote this constitutional amendment down, I think it would send a signal to the Legislature. So there's opportunities for the Trust in this constitutional amendment. [LR51CA]

SENATOR HAAR: But we still have another bill before the committee that would take half of the Environmental Trust money and put it into the Water Cash Fund so do you

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think that if there was a constitutional amendment affirming the way it is now that then the bill to take half the money and put it in would be out of place or...am I...I don't know if my question is making sense, but. [LR51CA]

SENATOR HEIDEMANN: I think it give you something to think about. So would you be willing to pass this constitutional amendment so that we can see if the people have...would reaffirm that priority to the Environmental Trust? [LR51CA]

SENATOR LANGEMEIER: Senator, you get a lot of privileges, but you still can't ask questions? (Laughter) [LR51CA]

SENATOR HAAR: Well I'd like to answer his question, no. No, I won't vote for this. I think the people have spoken and we can keep reopening and reopening and reopening and then we become almost like California where, you know, you just keep passing initiatives and all that sort of thing. But anyway, the other thing that kind of fascinates me is that in this new situation the State Fair would continue to get 10 percent. But yet when the people passed that in 2004, the intent was to refurbish the State Fair and of course that moved away and now we have a new state fair, so what would you see that 10 percent being used for? [LR51CA]

SENATOR HEIDEMANN: Well I think the continued operation of the State Fair. I think the people, and that's something that I actually have not thought about, it hasn't been a thought of mine, but I would just thinking now that you asked me that, I mean it was a commitment to have a state fair in the state of Nebraska. I mean there's continuing operating expenses. It's an ongoing process. [LR51CA]

SENATOR HAAR: And so in priorities you would put Innovation Park and the water resource, and so on, the Cash Fund above the environmental projects. [LR51CA]

SENATOR HEIDEMANN: I want to give the people of the state of Nebraska that opportunity to seek that priority. [LR51CA]

SENATOR HAAR: But you sort of said in the newspaper, maybe you clarified that a little bit today, but you...in your own mind, do you see those as higher priorities? [LR51CA]

SENATOR HEIDEMANN: My heart is leading me to do this as we look for ways to reinvent government. And I see a great opportunity in Innovation Campus to move this state ahead. The University of Nebraska is an economic driver in this state whether we like it or not, they are. And I see Innovation Campus as an opportunity for the state of Nebraska and for the university to move forward and to be a great help to this state and to create jobs. And you are very well aware of the problems that we have with water issues in this state. And you hate to say that one is more important than the other, but I...in my heart at least, I think those two issues, and not saying that the environmental

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issues aren't a priority, I would hope that there would be, maybe, some other funding sources that would pop up to help that, because as you can see, there's a lot of push back with this, and if there's a lot of push back to that and if it does go for some reason, don't you think that there would be other sources of revenue that could come in to play for environmental purposes? [LR51CA]

SENATOR HAAR: Okay. You can't ask a question. Sorry. (Laughter) [LR51CA]

SENATOR HEIDEMANN: Sorry, Senator. Sorry, Chairman Langemeier. (Laughter) [LR51CA]

SENATOR LANGEMEIER: Counsel to witness, you don't have to answer that question. [LR51CA]

SENATOR HAAR: This is a tough witness. Now just according to the rule, and since I'm only in here two years, recognizing that we have a need to fund water resources, could we piggyback...and I know you said you didn't favor expanded gambling, but could we piggyback a second constitutional amendment on this to expand gambling and perhaps casino gambling and dedicate that money to the Water Fund, which we've never had, I mean, that never has been really. [LR51CA]

SENATOR HEIDEMANN: If you see how...look and see how we did this, it was the most simple thing that you could possibly come up with; changed very little in the constitution. I am one of these people that, to be right truthful, I wish it wasn't in the constitution because I view my constitution as something that is not very convoluted and has very important things in there. So, to expand it more than what I already did and to make it less simple than it already is, I don't think I would be in favor of that. [LR51CA]

SENATOR HAAR: But we could actually do that on the floor. I mean, we need the votes and so on, but that would that be possible to use your constitutional amendment as a vehicle for another constitutional amendment. [LR51CA]

SENATOR HEIDEMANN: I would have to think that and see how that would... [LR51CA]

SENATOR HAAR: Because I haven't thought about that until right now and it seems that maybe, maybe we do need to look for an expanded source for the Water Cash Fund. And people are getting a little tired of seeing folks drive to Iowa and so on and so forth. But I will explore that, I suppose, with the clerk to see how that could be done and if it could be done. And then my final question is, there's, again, a bill before this committee that would really expand the use of the Water Resources Cash Fund. It could be used, as I understand it, almost for anything by the Department of Natural Resources. Would you favor that expansion then so that this money could basically be used for anything, or should we keep that as a pretty narrow definition of what the Water

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Resources Cash Fund can be used for? [LR51CA]

SENATOR HEIDEMANN: I would have to read that bill a little bit and see what actually is inside of it. I would have to think that it would be...have to be continued to use for water-related issues though. [LR51CA]

SENATOR HAAR: Okay. Well my understanding it could be... [LR51CA]

SENATOR HEIDEMANN: I mean, I don't think we're going to start building roads out of the Water Resources Cash Fund or anything. [LR51CA]

SENATOR HAAR: ...it could be used for all kinds of studies and so...anyway, that's something to explore too whether in this constitutional amendment you would make these pretty narrow definitions, because I think over time the Legislature would always like to get its hands on these things of money and expand the use of it, we can decide to use it for whatever. [LR51CA]

SENATOR HEIDEMANN: I think we were voted in by the people, though, to make those decisions. [LR51CA]

SENATOR HAAR: But some things, like in the constitutional amendments, people, you know, that people do. In 2004, they said very clearly, education, environment, and the State Fair. So, anyway, well thank you for those answers, appreciate it. [LR51CA]

SENATOR LANGEMEIER: Senator Smith. [LR51CA]

SENATOR SMITH: Thank you, Senator Langemeier. Senator Heidemann, thank you very much for your work on the Appropriations Committee and thank you for being a numbers guy. I think sometimes it's underrated and we sure appreciate the hard work you've given and thank you for being innovative and coming up with some of these solutions that could possibly help the state. Help me to understand how LB229 and LR51CA would work together, or would they work parallel? Would one carry a priority over the other? Can you...kind of give a little bit of an idea of how that would work. [LR51CA]

SENATOR HEIDEMANN: Well I have to think about this a little bit. I will say that I did not work on Senator Fischer on my part of this by any means. You know, that's a little bit...I guess would be up to this committee, what they do with either one of these two bills. They could kick both of them out, I guess, after asking that question, it would be my thought that...my bill, the constitutional amendment wouldn't take place until 2012. If this committee thinks that funding the Water Resources Cash Fund and water issues are a priority it would be my thought then that they could kick out LB229 and it could help that issue until the people would get a chance to decide on if this is a priority or not.

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[LR51CA]

SENATOR SMITH: Okay. [LR51CA]

SENATOR HEIDEMANN: But that's totally up to this committee. You have the power to do that or not to do that. [LR51CA]

SENATOR SMITH: Thank you. [LR51CA]

SENATOR LANGEMEIER: Are there any other questions? Seeing none, thank you very much. [LR51CA]

SENATOR HEIDEMANN: Thanks for the opportunity to come before you. [LR51CA]

SENATOR LANGEMEIER: We may or may not see you at the end. [LR51CA]

SENATOR HEIDEMANN: That's a fact. We'll see how things go in Appropriations. [LR51CA]

SENATOR LANGEMEIER: Very good. [LR51CA]

SENATOR HEIDEMANN: Thank you. [LR51CA]

SENATOR LANGEMEIER: Thank you very much, Senator. You have heard the opening on LR51CA. Now, again, the senator gets...the introducer doesn't get the light treatment. But again, you're going to get a five minute light system. You'll get green, the yellow will be a one minute, and the red we want you to stop. We will start now with proponents; those that wish to testify in support of LR51CA. Come on up. They're slow to come. Can I see a show of hands, who wants to testify in support? You might be the only one. That's okay. Good afternoon. [LR51CA]

CARL SOUSEK: Good afternoon. [LR51CA]

SENATOR LANGEMEIER: Welcome. [LR51CA]

CARL SOUSEK: (Exhibit 1) Thank you. My name is Carl, C-a-r-l, Sousek S-o-u-s-e-k. I farm near Prague, Nebraska. As I said, my name is Carl Sousek and I'm the president of the Nebraska Corn Growers Association. I currently farm near Prague. Members of the Corn Growers Association selected water issues as their highest priority for this legislative session. They determined that funding for the Water Resources Cash Fund would be a key component of a long-term solution. This committee heard testimony on LB229 which would specifically designate a portion of the Environmental Trust Fund to the Water Resources Cash Fund. In our opinion, this is an acceptable legislative action

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within the scope of the Environmental Trust Act. The intent when creating the Trust was among other things, for the purpose of conserving, enhancing, and restoring the natural, physical, and biological environment in Nebraska including groundwater and surface water. LR51CA proposes a constitutional amendment to change the distribution of state lottery revenue. It would ask Nebraska voters if their priorities have changed. This committee recently heard testimony on LB229 which is a similar option to fund water programs in the state. Interestingly, a common ground of both proponents and opponents was the need to address the water issues. The question is how to fund. Multi-state water compacts and agreements with federal agencies obligate Nebraska to substantial expenditures over the long term. These obligations have created a funding priority which must be addressed. The University of Nebraska regents have embarked on a plan to build an innovation campus. In reference to the funding of the University of Nebraska Innovation Campus, our association has no official position directed by our membership. As an industry that is highly dependent on new and upcoming technologies, we generally support the university and their plans, but remain neutral in reference to this legislation. As time passes, priorities change. LR51CA would ask the voters if Nebraska's water obligations and University of Nebraska Innovation Campus are priorities to be funded with the state lottery revenue. The Nebraska Corn Growers Association supports asking that question. We ask the committee to advance LR51CA. And with that, if there are any questions, I would be happy to try to answer them.  
[LR51CA]

SENATOR LANGEMEIER: Very good. Are there any questions for Mr. Sousek? Seeing none, thank you very much. Well done. [LR51CA]

CARL SOUSEK: Thank you. [LR51CA]

SENATOR LANGEMEIER: (Exhibit 2, Exhibit 3, Exhibit 4, Exhibit 5) Further testimony in support? Seeing none. I have a number of letters. I have one introduced by Bob Hallstrom for the Nebraska Bankers Association. I have one introduced from Jay Rempe, Nebraska Farm Bureau. I have one introduced from the director of the Department of Natural Resources, Mr. Brian Dunnigan in support of Section 3(a)(ii). I have one from Scott Richert with the Nebraska Soybean Association. Those are in support of LR51CA. Now we will move to opponents of LR51CA. Good afternoon, Director. [LR51CA]

MARK BROHMAN: (Exhibit 6) Mr. Chairman and members of the Natural Resources Committee, my name is Mark Brohman, that's M-a-r-k B-r-o-h-m-a-n and I'm the executive director of the Nebraska Environmental Trust. And before I begin, I have a letter from Doctor Tom Bragg. He was unable to make it today because of prior commitments so he wanted to have a copy of this put into the record in opposition to LR51CA. [LR51CA]

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SENATOR LANGEMEIER: Great, thank you. [LR51CA]

MARK BROHMAN: I'm here today opposing LR51CA. The Legislature is setting up a vote of the people to decide between continuing to fund the Nebraska Environmental Trust or Innovation Campus and water issues through the Water Resources Cash Fund. As I pointed out during testimony on LB229, the Trust has put over \$15 million into water issues the last two years and we have funded \$7 million to NRDs over the last two years. We have spent \$27.5 million on the Platte River alone over our history and the Trust has and continues to fund research and on-the-ground projects on the Platte River that are helping Nebraska and the three-state program. During the hearing on LB229, this committee heard arguments that the Trust funds many water projects including the Platte River and Republican River. The Trust grant process is a fair process with 14 individuals determining the best projects to be funded on their merit and not one person making the decision of where the funds are expended. When the Trust was created, Governor Nelson said we want to take the politics out of it. We want to put good environmental judgment into it. The World-Herald noted, by placing the responsibilities of such programs in the hands of committees instead of the Legislature, perhaps Nebraska can avoid the fate of other states where voters were promised a lottery that funded enhancement programs but ended up just another source of revenue for the General Fund. The Trust has put \$157 million into more than 1,200 projects across the state in all 93 counties. With the average match being 2 to 1, there's been over \$470 million put on the ground across the state. There's a huge demand for the Trust funds. In 2009 the Trust had over \$52 million in requests. In 2010 and this year the requests were over \$54 million. Trust funds are some of the only funds available for many communities for natural resources and conservation projects. With planned cuts to cities, counties, agencies, and natural resources districts, now is not a good time to eliminate potential funding sources for these organizations and groups. The Trust has everything to lose and nothing to gain with LR51CA. If it is approved, the Trust is defunded and goes away. If the voters vote it down, we stay in the same position we are now and we have nothing to gain. If you truly want to let the people decide how to dispose of the lottery proceeds, then the State Fair allocation should be put on the table and on the ballot and the citizens should be allowed to vote if they want the Trust allocation to be secured in a true sense of a trust for the future. What are some of the 1,200 projects the Trust has funded? I'm often asked what kinds of things that we do. I passed the annual report out last time, I didn't bring it again because I knew you all still had it and they didn't need it upstairs in the record. [LR51CA]

SENATOR LANGEMEIER: We do. [LR51CA]

MARK BROHMAN: But I decided I would just go through a couple highlights. We helped establish seven burn units across the state. We fund burn workshops. We fund mobile prescribed burn trailers. We worked with groups from Lincoln to conserve remnant tall grass prairies in eastern Nebraska. We helped schools build wetlands, greenhouses,

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and outdoor classrooms. We do hydrology studies. We reduce water use. Work with cities to protect their water wells through nitrate programs. We build bio-retention cells for storm-water management; invasive species control for phragmites, salt cedar, Russian olive, zebra mussels, the musk thistles; recycling programs including recycling trailers, household hazardous waste collections, electronic collections, compact fluorescent bulb collections, prescription drug collections. We cost-share for flow meters and soil moisture probes; develop water management programs and watershed management plans; community reforestation programs; reduce nonpoint source pollution; promote no-till production; soil management programs; reuse asphalt shingles instead of landfilling them; monitor aquifers; promote energy efficiency; establish the Nebraska Master Naturalist Program; install stream gauges; protect and restore rare saline wetlands; fund woodchip and used oil burners; shoreline stabilization; grade stabilization projects; flood control projects; and many more. Those are just some of the things we've done over our history the last 18 years. There's a potential downside to this, which was mentioned last time during LB229, and that is whenever you change the beneficiaries to the lottery, you may lose some of the customers. And there's been some talk from different people and if you look at the blog today on the [Lincoln Journal Star](#) after the article came out this morning, I think there's an indication how some people feel about this and I do think that the lottery will suffer. There will be a downturn in sales. The University of Nebraska has received over \$5 million in grants from the Trust directly and they've been partners on several other projects amounting to millions of dollars and almost \$3 million was taken from the Trust for the university Mead project. The Trust has benefitted from the university greatly...I mean, the university has benefitted greatly from the Trust over the years. There's nothing prohibiting the Department of Natural Resources or the NRDs from applying to the Trust for grants to continue work we've already partnered with on the Platte River, as well as the Republican, Niobrara, and any of Nebraska's rivers, whether they're fully appropriated, overappropriated or not. And the university can continue to apply for Trust grants and continue research that would benefit Innovation Park. I've been the director for a little over four years now. I've had a lot of people from other states tell me they're envious of the Nebraska Environmental Trust. This is a great program and they wished their state had the foresight to see something like this. So we'd hate to see it go away. And my last point, many people have said they like the Trust odds on the ballot against the Innovation Campus. The problem is, my agency has five employees and we specialize in giving natural resource grants, not running a ballot campaign. It will be difficult for us to educate the public on the issues before the vote in 2012. So even if the people of Nebraska appreciate what we do, it could be an uphill battle from the beginning. And with that I would be happy to answer any questions. [LR51CA]

SENATOR LANGEMEIER: Very good. Are there any questions for Mr. Brohman?  
Senator Haar. [LR51CA]

SENATOR HAAR: Have you sponsored any bad projects? [LR51CA]

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MARK BROHMAN: Senator, you...I'm asked that all the time; is there anything you regret? I've been the director for four years. There's no project that I regret that's been funded in my tenure. I don't know of a bad project that we have on the ground. I've heard recently that people were referring to a \$50,000 butterfly garden that we had funded. It was a topic of a conversation, a lunch meeting last week. I've also had many calls about that. And I'd heard that one or two other times that we had funded a \$50,000 butterfly project. And I've spoke to Senator Langemeier about this so he knows my answer on that. That is a rainwater garden project in Lincoln/Lancaster County that was established to help with water quality, catch runoff water and so that's just one instance where, you know, people say, what about this butterfly garden you guys have funded. And I've heard that over and over the last couple of weeks. But I just want to clarify for the record; there's nothing I'm ashamed of that's out there. That project has won numerous, won numerous awards and it's being touted by...it was...the NRD was part of that. The city was part of it. And the Environmental Trust was part of that to create water gardens, these rainwater gardens to capture surface runoff to protect sources likes Holmes Lake that we spend millions of dollars, the Corps, the city, the county, the NRD to protect that lake from runoff from fertilizers, pesticides, things like that. So there's an instance where people said, well what about that project. And so I just want to point out that, you know, I hear that all the time, and I tell people, tell me a project, tell me where our money is being wasted. We did have a...in the early days some equipment that was paid for that a person went bankrupt and took the equipment out of state and we didn't have the proper liens against it. That was before my tenure. We've since changed that so that all that equipment is now licensed so we can be...you know, when there is a bankruptcy, that we can go after those equipment. But I don't know of a project that I would be ashamed of that's on the books, Senator. [LR51CA]

SENATOR HAAR: Well, you know, and I come from a certain standpoint, everybody knows that. I look at LB229 and this bill as a raid on the Environmental Trust. And like I said earlier to Senator Heidemann, I think this gives environmental groups a great organizing opportunity. And if that happens, is there some way to do a constitutional amendment that says no, you can't mess with this money? [LR51CA]

MARK BROHMAN: I think an amendment could be drawn up that says it is a trust. It's truly a trust. There's other states that have trust money that goes into a trust that can't be touched unless, of course, there's another constitutional amendment. But yeah, there could be an amendment added to this and so that's why I say right now it's an all or nothing for us. We lose everything and we gain nothing. Senator Heidemann did mention, and I want to say publicly, I want to thank Senator Heidemann for his nice comments about myself and our organization, but we stand nothing to gain from this. You know, we're going to be the David in the Goliath fight here. We're going to have to go out and organize groups. We have 1,200 projects across the state. Just about every community has had a project of ours. Now whether or not they think that we're going to

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be a better source of that money than the Water Cash Fund or the University Innovation Park, I don't know. But if you want to truly ask the people, ask them about the State Fair funds and put in there that the trust funds are protected, its truly a trust fund. I'd love to see that, you know, in fact I'd be in favor of that amendment and this bill if that was the case. It would be then the people could really speak what they want and tell this Legislature here's what we want. I think this is just asking one small question that could be diverted and convoluted in many ways and voters could be very confused. [LR51CA]

SENATOR HAAR: Well I guess I disagree if this were put on the ballot and it was rejected, it would once more say that the people really want it spent as an environmental fund and not part of it put into another fund which can spend it almost any way they want. So. [LR51CA]

MARK BROHMAN: That's the way I would portray it to the public, but other people would say it was a vote against the University of Nebraska or it was a vote against gambling. You know, you name it, there's all kinds of ways that that could be spun. But that is one point that could come out of it, we could say to this legislative body, we have support from the public, look at this last vote. But I think this is such a narrow, you know, way of portraying that amendment. And as you know, ballot initiatives are very difficult. People go in and if there are a number of initiatives, research has said if there's more than just a couple of initiatives, people vote no on everything. If they get confused they just say no we're not going to change anything. So that's what I'm afraid of. I have no idea how many ballot issues will be on this time in 2012, you know, it's a year away. [LR51CA]

SENATOR HAAR: In your opinion, if we also had an amendment that would, let's say, use expanded and casino gambling designated for this water fund, do you think that if we brought in more gambling, expanded or casino gambling, that would hurt the...what you're doing? [LR51CA]

MARK BROHMAN: It possibly could. It would become an expanded gambling issue and Gambling for The Good Life and other organizations and there's a lot of prominent citizens, and ex-governors have come out against gambling and so I think they would go on record again and say this is bad because of the things associated with it. And that could spill over into the lottery and what's happening now. Some people say, well, the lottery we have now is pretty small. If you go to casino gambling, that's really where the money is. [LR51CA]

SENATOR HAAR: Yeah. And it goes across the bridge from Omaha into Iowa. [LR51CA]

MARK BROHMAN: Yeah. There's someone later that's testifying and they could probably tell you what the numbers are, but I've heard the numbers of what just the tax

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revenue is from those and it's staggering just on the slot machines out of Council Bluffs, some of those numbers, but anyway. [LR51CA]

SENATOR HAAR: That could fund the Water Cash Fund. [LR51CA]

MARK BROHMAN: As well as the state budget deficit. [LR51CA]

SENATOR HAAR: Yeah. Well, thank you very much. [LR51CA]

SENATOR LANGEMEIER: Other questions? Senator Christensen. [LR51CA]

SENATOR CHRISTENSEN: Thank you, Chairman. Mark, refresh my memory, I've been reading the statutes on Environmental Trust. Was that set up in the vote by the people or did the Legislature set up the Environmental Trust after the constitutional amendment to allow the gambling, do you know? [LR51CA]

MARK BROHMAN: The Legislature set up the Trust, the mechanism of the Trust act. [LR51CA]

SENATOR CHRISTENSEN: That's the way I thought it was. It was in statute, but sometimes they just say constitutional amendment with it. [LR51CA]

MARK BROHMAN: Right. [LR51CA]

SENATOR CHRISTENSEN: And it didn't, so I just wanted to make sure I was correct. Thank you. [LR51CA]

SENATOR LANGEMEIER: Senator Schilz. [LR51CA]

SENATOR SCHILZ: Thank you, Senator Langemeier. Mark, welcome, and again, I just want to focus, just a little bit, I think a lot of times, you know, people here hear something, you know, we talk about...we talk about priorities and we talk about Platte River issues and things like that. And we heard Senator Heidemann talk about priorities. Could you just tell me what the priorities are of the Trust? I mean, how is it that you go out there and decide this project is better than that project? [LR51CA]

MARK BROHMAN: Right. The process is every September, the first Tuesday after Labor Day, applications are due. So the applications come in. The last couple of years it's been 110 applications asking for \$54 million and we've got about roughly, \$15 million to give away. So we have a set of categories that they're in statutory language, but it says every five years the Trust will go out and have a public meeting and see if those categories need to be shifted or changed. And so we've got water and air and soil and habitat and recycling. And those have pretty much been the same ones. At one time it

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was carbon sequestration, one time ground and surface water were separate, but anyway, two years ago in Kearney we had another conclave where we brought folks in and we also took written information and everyone said we think the Trust is doing great things. The only thing that there was a lot of discussion about is maybe we should have a category for just education. But we said all grants have education as part of them. So we tweaked the language on water and air just a little bit. I mentioned that during testimony on LB229 that we changed a word to waterways under water and under air we included greenhouse gases, so we just clarified those. So those are the categories. So any application that comes in has to fit into those categories. Then we send every application out and it's reviewed by two independent technical reviewers, so they're specialists. So if it is a water hydrology project, we're going to send it to a water hydrologist. If it's habitat, it's going to be a wildlife biologist. We have state and federal agency people on that review team. We have over 100 people on that. We've got retired folks; we've got consultants; we've got NRD members; just a lot of people with expertise. So they review it and send their technical comments back. And then each grant is looked at by the grant subcommittee. And we have a criteria and we go through the criteria, you know, how it addresses Trust priorities, what it does for long-term environment, partnerships, those kinds of things. You know, it's all laid out in our policy. And so everything is scored and then you go off of that score and how much money we go and basically you just go down until you run out of money. And like I mentioned, we've had a lot of water projects and some of the water projects that Mr. Bishop has mentioned in past handout testimony on LB229, those are the kinds of things that have been funded. We've done a lot of studies; we've done some work with the Central Platte NRD and the other NRDs out there to purchase water, you know, by retiring water rights off of land and some of those types of things. So water is a high priority. So if the project comes in and it's got a good partnership, it's got good technical reviews, it will get high scores. And so that's how it is ranked and then that subcommittee takes a recommendation to the full board and then the full board of 14, which is five agency directors and nine citizens, three from each congressional district, have the final say and they determine if the money is granted to those projects. [LR51CA]

SENATOR SCHILZ: Okay, great. I appreciate that. And we keep hearing about...we keep hearing and Senator Haar even mentioned it that, you know, we want this money to go towards environmental stuff. [LR51CA]

MARK BROHMAN: Um-hum. [LR51CA]

SENATOR SCHILZ: Well I don't disagree. The situation on the Platte and what we need to do there, I mean if that money was spent there on the Platte River and the issues we have there, would that money go to enhance the environment whether it was spent through you guys or spent through the Water Cash Fund or whatever? [LR51CA]

MARK BROHMAN: Potentially, I mean, that's where you have 14 individuals on my

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board to determine is this a positive project. I can envision projects that may not be positive environmentally, you know. Lake Wanahoo, which we fully supported as a board, there were some biologists that were opposed to that with what that project did. But we did fund Lake Wanahoo. There's projects out in that district that some people would say maybe would do more detriment than good. So we'd have to evaluate each project. But for the most part, most projects on the Platte River providing habitat. [LR51CA]

SENATOR SCHILZ: If...right. And beyond that, if we can actually put water in the stream which is what the whole thing is about. [LR51CA]

MARK BROHMAN: Right. [LR51CA]

SENATOR SCHILZ: Then that would help the environment overall as we go forward. [LR51CA]

MARK BROHMAN: Yeah, in my most cases, yes. If there's more water in the river at the right time, it's going to improve water flows and it's going to improve habitat. [LR51CA]

SENATOR SCHILZ: Right. And most of what we see is that's all about timing. [LR51CA]

MARK BROHMAN: Right. [LR51CA]

SENATOR SCHILZ: We can't create more water, we can only adjust when it runs down the stream. And as I see it, at least on the Platte, there's some issues there. Now, you know, we have other issues on the Republican Basin as well. [LR51CA]

MARK BROHMAN: Um-hum. [LR51CA]

SENATOR SCHILZ: And I would ask you the same question, are you...is the Trust doing grants down there to help...is compliance with Kansas on the lawsuit, is that considered environmental, or are there things within that that you can do and have you done those? [LR51CA]

MARK BROHMAN: We've done...and Senator Carlson, unfortunately is not here today, or at the hearing right now, he's in another meeting, but he could vouch for the work we've been doing on the Republican on vegetation clearing to allow...we see it as improving the habitat because the habitat has become overgrown. He sees it as allowing water to be conveyed to get to Kansas to meet our obligations. We don't see it as trying to meet requirements to prevent a lawsuit, we see it as improving the habitat and also getting rid of some species that are...phragmites and Russian olives and things that we see is, you know, is causing problems. [LR51CA]

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SENATOR SCHILZ: So if looked at properly, a lot of the programs and things that we want to do on both basins can have benefits for everyone. [LR51CA]

MARK BROHMAN: Sure. [LR51CA]

SENATOR SCHILZ: And I think we're losing sight of that as we go through this argument. And I hope that everybody would step up and understand that hey, look, whether it comes through the Environmental Trust or comes through some other agency, we have an agreement, at least...let's get back to the Platte now, we have an agreement on the Platte that if we don't get that done, it could reopen the licenses on Kingsley and Gerald Gentleman. It could vastly impact what Lake McConaughy looks like. It could vastly impact what everything looks like on the Platte system. [LR51CA]

MARK BROHMAN: Right. [LR51CA]

SENATOR SCHILZ: And I think we all need to be cognizant of that as we go forward and decide what to do. [LR51CA]

MARK BROHMAN: And I'm just afraid that some of that money, you know, that was put into that fund can be used for studies. It was mentioned earlier, there's not a lot of well-defined parameters to the Water Cash Fund. It first can go to DNRs, you know, their choice. And so my board is 14, that's one person, but anyway. Thank you. [LR51CA]

SENATOR SCHILZ: Understand. Thank you. [LR51CA]

SENATOR LANGEMEIER: Senator Dubas. [LR51CA]

SENATOR DUBAS: Thank you, Senator Langemeier. Thank you, Mark. Can money...grants that are awarded through the Environmental Trust, can those dollars be used to leverage other dollars, like maybe federal dollars or other program-type dollars. [LR51CA]

MARK BROHMAN: Almost every dollar that we put on the ground is matched. That's one of the high-ranking criteria is that there's match money. And so in most cases, on average, everything is matched 2 to 1. So every dollar that the Trust money goes in, there's \$2 coming in. So when I mentioned earlier that we put \$157 million on, that's actually \$470 million on the ground. But a lot of that is federal grant money that there's no other way to get it for an NRD or for Ducks Unlimited, or for Game and Parks. That's the only way they can get those federal dollars is by having local state match. And our dollars are considered local state match. So there's tremendous matching going on. [LR51CA]

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SENATOR DUBAS: Okay. Thank you. I appreciate it. I wasn't quite clear on that. [LR51CA]

MARK BROHMAN: And like EPA grants for small cities, for recycling or nitrates in the water, there's EPA money, but they have to have match. Sometimes it's only 10 percent or 20 percent, but it's critical, they don't have the money in their budget to get it. [LR51CA]

SENATOR DUBAS: But there is very few grants or matching dollars available without some type of funding mechanism like yours. [LR51CA]

MARK BROHMAN: Correct, correct. [LR51CA]

SENATOR DUBAS: All right, thank you. [LR51CA]

MARK BROHMAN: And we've only had a few projects where they've come in and not had any match to our money. There have been a few that have been just so good and it was an NRD that had no money. There have been a few, but very few that have had no match. [LR51CA]

SENATOR DUBAS: Thank you. [LR51CA]

SENATOR LANGEMEIER: Good. Senator Haar. [LR51CA]

SENATOR HAAR: Now, I don't know, do we have the letter from the Department of DNR, or you'll hand that out later. [LR51CA]

SENATOR LANGEMEIER: It's in your packet. [LR51CA]

SENATOR HAAR: Okay, in my packet. So, which is a little bit strange, one member on your board actually testifying in favor of getting rid of the Environmental Trust. Do you have any idea where the other board members...or do you have to stay neutral on this or...you know, in terms of the board? [LR51CA]

MARK BROHMAN: Yeah, I can't speak for other members, but I do think that board member Dunnigan mentioned his support on this bill was just to that portion of the Water Cash Fund, which means that he's not advocating for the other half which would make the Trust go away. Because right now if this would go through, we'd go away, because half of our money goes to the Water Cash Fund and half goes to Innovation Park, so we cease to exist. We have no money. So I think Mr. Dunnigan's comments were, from my understanding is, he said just to Section 3, or whatever section it is, dealing with the Water Cash Fund. So he wasn't advocating doing away with the Trust; he was advocating that he had needs for his department for half of the money.

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[LR51CA]

SENATOR HAAR: Okay. I wish he would have been here to present that so I could ask him some questions which I can do off-mike. There are a lot of environmentalists who...and conservationists and whatever you want to call people that believe in stewardship of the land, that have benefitted from the Environmental Trust and now that, in a way, is being pitted against the university. And when you take money away and put it somewhere else, you create a division that wasn't there before. And I'm just wondering if that's been talked about by your board or whatever. I would almost hope the university would not support this because in a way it's raiding the Environmental Trust Fund and I think that's the way environmentalists are going to look at it. Do you have any thoughts on that? [LR51CA]

MARK BROHMAN: Well I think you're exactly right. I think the University of Nebraska is being put in a very uncomfortable position. I don't think they want to say that we've done bad things or that the money that we have provided to them has gone to bad research. I think they're being placed in a very precarious position. The Governor's budget, I believe, you know, is a balanced budget and doesn't include...it includes funding for Innovation Park, but not through this method. But I think the university is being put in a very uncomfortable position, just as we are. And, you know, small communities, large communities, environmentalists, conservationists, sportsman, are all looking at this saying, boy, I'm a graduate of the university, I have two degrees from the University of Nebraska, I love that institution, but when it comes down to the basics here, someone is going to have to make a decision on that ballot and it's going to be tough. And I'm afraid that, you know, the advertising campaigns, I can just see it now coming out. We don't have a budget to fight that and we're a state agency, and I don't think we would. I don't think my board would give me the okay to take out full-page ads in the World-Herald so. [LR51CA]

SENATOR HAAR: No, I'm sure they won't, I'm sure they won't. And they shouldn't. Have you funded projects for the...I mean, nobody is giving, really, funded to Innovation Park at this point. Have you funded university projects as the Environmental Trust? What are some examples if you have? [LR51CA]

MARK BROHMAN: We've worked with them on a lot of ag projects. A project out there working with spreading manure for odor control in livestock facilities and things like that. We've done a lot of research, you know, funded a lot of research on the Platte River, hydrology studies, water transpiration studies, we've done a lot of no-till projects with the university. Over \$5 million has been spent directly where the University of Nebraska was the main applicant and then they've been partners in millions of dollars of other projects. But the cooperative wildlife unit on East Campus, they have biologists that some of their salaries come from Game and Parks and some from the university and as part of a co-op they're teachers, they do research, and we've funded a number of those

research projects. But, yeah, we've funded a lot of research and I can't think of any brick and mortar projects at the university. But if Innovation Campus came in and wanted to put in, you know, whether it be a wind generator or solar panels or a bio...a used oil burner, like we did for the city of South Sioux City, or the wood chip burner which...well that actually is a university project, I guess, at Curtis. We funded to build a burner out there to replace their steam system with wood chips because we have all these trees we're cutting down out there, these invasive trees, didn't know what to do with them. Curtis, the Innovation Campus out there, or the ag campus out there said, we'd like to look into this like Chadron State College does. And so we funded it. They haven't built it yet, because they're waiting on some EPA regulations. But that's a project we just funded to help install that new burner on site. And that's a facility project, but we saw it as solving two projects, you know, solving a project where to go with all those trees we're cutting down and the other is, we think that's a good way to fuel campus versus diesel fuel or natural gas. [LR51CA]

SENATOR HAAR: So did any of those projects have matching money from anywhere? [LR51CA]

MARK BROHMAN: Nearly all of them had matching money. The university typically has research... [LR51CA]

SENATOR HAAR: Is that a requirement for environment? [LR51CA]

MARK BROHMAN: It's not a requirement, but if you don't have any match, you're going to score pretty low. So like I said, it's on average 2 to 1, but sometimes we'll have a 10 to 1 match. We'll put a dollar in and they're bringing 10 in. So the university, you know, just individual projects, some of them will have, you know, maybe 1 to 1, but you usually have staff time that they, you know, they put the staff time, they record that; their administrative costs, you know, for the secretary that's behind the project that's doing the reports, those kinds of things, they're putting in as match. And sometimes there are federal dollars, and sometimes there's hard dollars from the university. So there's...I can't think of a single university project that didn't have match of some sort. [LR51CA]

SENATOR HAAR: So...and then in some ways, just thinking through this whole process, there's parts of the university then that would no longer get funding if this constitutional amendment...and we can't identify them because they have to go through grants, but I mean that would be a fact. [LR51CA]

MARK BROHMAN: Definitely. Yeah, there would be, you know, entities. [LR51CA]

SENATOR HAAR: I'd like a list, if you could, of the university projects that were funded and the match that goes along with those. [LR51CA]

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MARK BROHMAN: Okay. I do have a list in my briefcase of the projects, but I would have to get the match dollar for you. But I can do that, Senator. [LR51CA]

SENATOR HAAR: Yeah. And just...I want to look at the university. [LR51CA]

MARK BROHMAN: Sure. [LR51CA]

SENATOR HAAR: Okay. Appreciate it. Thank you. [LR51CA]

SENATOR LANGEMEIER: Senator Schilz. [LR51CA]

SENATOR SCHILZ: Thank you, Senator Langemeier. Mark, once again, just to clarify a little bit, and I just want to make sure that everybody understands and we get this on the record. Obviously, when you provide that local match, that's a big step in making these projects happen. [LR51CA]

MARK BROHMAN: Um-hum. [LR51CA]

SENATOR SCHILZ: But that would...you wouldn't have to be that local match necessarily. [LR51CA]

MARK BROHMAN: No, they could come up with match from either tax dollars or donations or foundations. [LR51CA]

SENATOR SCHILZ: Or an individual could step up or an agency or somebody else that had something. [LR51CA]

MARK BROHMAN: Sure. Yeah. Yeah. Sure. [LR51CA]

SENATOR SCHILZ: I understand. Absolutely. I just wanted to make sure that everybody understood that it doesn't specify in there that Nebraska Environmental Trust has to be a part of this to get those kind of matches. [LR51CA]

MARK BROHMAN: No. [LR51CA]

SENATOR SCHILZ: Okay. Thank you. [LR51CA]

SENATOR LANGEMEIER: Is there any other questions? I just want to have one comment. You and I have had some great conversations in my office, and I want to echo what Senator Heidemann said, and commend you and your volunteer board. We talked about your staff making \$500,000 as a group in expenses. I do want to recognize your nine members that volunteer to be on your board. They dedicate a lot of time and effort for nothing other than the enjoyment of what they do. So we do want to commend

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you on that. [LR51CA]

MARK BROHMAN: Sure. Could I just take a quick second and comment on Senator Heidemann's \$500,000 expenses or not? [LR51CA]

SENATOR LANGEMEIER: I think irrelevant to...I know he said it. [LR51CA]

MARK BROHMAN: Okay. Sure. I was just going to clarify what that involved. [LR51CA]

SENATOR LANGEMEIER: But I think it's irrelevant to the argument. [LR51CA]

MARK BROHMAN: Sure. [LR51CA]

SENATOR LANGEMEIER: But that's your office rent and cars and...we understand all that. [LR51CA]

MARK BROHMAN: Right, right, all that. Yeah. [LR51CA]

SENATOR LANGEMEIER: We know you don't make \$500,000. (Laughter) [LR51CA]

MARK BROHMAN: Yeah. I'm probably one of the lowest paid state directors of all. In fact, when I looked last time, I think there were only a couple...in all state agencies and some only have one or two employees that are lower than myself, so. [LR51CA]

SENATOR LANGEMEIER: We appreciate that. [LR51CA]

SENATOR HAAR: But a question on that. Do you feel that if the money went to Innovation Campus there would be no administrative costs taken out of that money? [LR51CA]

MARK BROHMAN: Oh, no there will be...in fact, typically the university on any grant has a, I think it's 44 percent, they call overhead fee that they build into grants that that's for their costs. So yeah, I think that us taking 3 percent out for administrative fees, that's what that \$500,000, you know, like includes all the things we just discussed. I think the university costs will be much higher than that 3 percent. [LR51CA]

SENATOR HAAR: Okay. Great. Thanks. [LR51CA]

SENATOR LANGEMEIER: Seeing no questions. Very well, very good. [LR51CA]

MARK BROHMAN: Thank you. [LR51CA]

SENATOR LANGEMEIER: Thank you very much for your testimony. Further testimony

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in opposition. Ken, welcome back. [LR51CA]

KEN WINSTON: (Exhibit 7) Thank you. Good afternoon, Chairman Langemeier and members of the Natural Resources Committee. For the record my name is Ken Winston, K-e-n W-i-n-s-t-o-n and I'm appearing on behalf of the Nebraska Chapter of the Sierra Club in opposition to LR51CA. There are several reasons why we're opposing LR51CA, primarily because of the fact that there is some important public policy principles that are involved. First of all, it would overturn a mandate of the people of the state of Nebraska. People have twice voted on this issue, in 1992 and again in 2004 and it was supported by 62.5 percent and 55.6 percent of the voters in those elections. There was a question earlier about when the Environmental Trust Act was passed. It was actually passed before the lottery was passed. So it was already in place and that was part of the campaign in 1992 to tell the people that this is what the money is going to go for. It's going to be used by the Environmental Trust. In 2004 the ballot language specifically referred to funds being used by the Environmental Trust. Then the second reason that we're opposing this is due to the fact that it would provide funds for a couple of specific programs at a time when almost everybody else is asking to take cuts. Specifically, the current budget proposal would cut \$22 million in state aid from counties, cities and NRDs. All of these entities have benefited from and partnered with the Environmental Trust prior to this time and should not be deprived or another potential funding source. Third, it would place specific funding...funding for specific programs in the Nebraska Constitution which limits the ability to respond to change conditions as they arise. In contrast, the Environmental Trust is very flexible; it can fund new ideas and respond to change and circumstances. Fourth, it would use an unstable revenue source, or gambling dollars, to fund a long-term program. And I recall when the lottery was enacted, that was one of the main arguments that was used was that this should not be used to fund ongoing programs because of the fact that the funding goes up and down. And for example, if there were expanded gambling, typically those kinds of things cut into lottery revenues. So that could have a definite impact. In addition, if you're going to attract private investment which is what this...which is what the Innovation Campus is intended to do, private investment usually requires a stable funding source. And any kind of bonding obviously would require a stable funding source. So, and I guess...we would also suggest that if the Innovation Campus needs funding, there's a fund called the Education Innovation Fund and that funds should be provided from that. That already exists in Nebraska law. And so they could apply to that fund, ask the Legislature to take funds from the Education Innovation Funds for short-term investment. The fifth point that we want to use is that currently we have a very successful program with the Nebraska Environmental Trust. It provides benefits in all 93 counties of the state. In contrast, LR51CA would take one specific program in one county, in one community, and of course I lived in Lincoln for many years, and as Mark indicated, I'm a double graduate of the University of Nebraska-Lincoln and very proud of my being an alum and embarrass my children by cheering loudly for Big Red every time they play. But it's questionable to take one...to take a funding source that provides

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benefits throughout the state and then turn around and say we're going to pick one community and they win and nobody else gets any of that money. And generally good public policy says that you spread the benefits out as widely as possible. Then finally in conclusion, we would encourage that this idea be held and that the committee would study this issue. We believe, as many members of the committee indicated, and as testifiers in support of the other legislation that was before the committee last week, or two weeks ago, I guess it was, have indicated, the Water Resources Cash Fund is important, it does need to be funded. The Innovation Campus, have nothing against the Innovation Campus, it probably needs to be funded as well. But these are things that ought to be studied and examined, worked out by a consensus, as opposed to coming up with an idea that would undo a mandate of the people and provide benefits for one program at the expense of all others. Would be glad to answer questions if I can. [LR51CA]

SENATOR LANGEMEIER: Very good. Are there any questions for Mr. Winston. Senator Haar. [LR51CA]

SENATOR HAAR: Yeah, could we just have copy of the...of your testimony. [LR51CA]

KEN WINSTON: I passed it out. [LR51CA]

SENATOR HAAR: Is that in here too? [LR51CA]

KEN WINSTON: I passed it out. [LR51CA]

SENATOR LANGEMEIER: He just handed it to you. [LR51CA]

SENATOR HAAR: Oh, I'm sorry, I'm not keeping up with the paperwork. [LR51CA]

KEN WINSTON: I have another copy if you don't have it. [LR51CA]

SENATOR HAAR: Yeah, I don't see...thank you very much. [LR51CA]

SENATOR LANGEMEIER: Are there...Senator Schilz. [LR51CA]

SENATOR SCHILZ: Thank you, Senator Langemeier. Ken, welcome. [LR51CA]

KEN WINSTON: Thank you, Senator. [LR51CA]

SENATOR SCHILZ: I have a couple of questions. [LR51CA]

KEN WINSTON: Sure. [LR51CA]

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SENATOR SCHILZ: And as I read your testimony here, and what you said, if this goes before a vote of the people as it says here... [LR51CA]

KEN WINSTON: Yes. [LR51CA]

SENATOR SCHILZ: ...how can that be a...looking to overturn the will of the people if they get a vote on it? [LR51CA]

KEN WINSTON: Well, if the people have spoken, how many times do...I mean do we bring something back every year? I mean, how many times do we bring... [LR51CA]

SENATOR SCHILZ: Have you been around this place awhile. Yeah, we do. Sorry, I didn't mean to...but I understand what you're saying. [LR51CA]

KEN WINSTON: Right, right. I guess I'm just...and I guess I'm not suppose to ask questions, but. [LR51CA]

SENATOR LANGEMEIER: Nope. [LR51CA]

KEN WINSTON: Just like Senator Heidemann, I'm following in his footsteps. No. [LR51CA]

SENATOR LANGEMEIER: He left too. [LR51CA]

KEN WINSTON: No, I...sorry, I guess the idea is that once the people have made a decision it does seem questionable to go back and keep asking the question over and over again. So, and they've already answered the question twice. And as Senator Haar indicated, is it the situation where we start asking questions where everything is on the ballot as opposed to having the Legislature make decisions. And we just believe the decision has already been made. Why run it up the flagpole again? [LR51CA]

SENATOR SCHILZ: Okay. I don't know if I agree with that or not, but I'll take your answer. And then the next thing is, and I always want to take...any time I get the opportunity to highlight what's gone on before and what's happened before and the arrangements that we're in, I mean, obviously, and just take into consideration the Platte River Recovery and Implementation Program, what kind of environmental cost do you think it will be to the state of Nebraska if we can't come to terms and come to grips with the plover...the plover, the tern, and the whooping crane and the pallid sturgeon situations? If we can't solve those problems or help mitigate those problems, what happens to us then? [LR51CA]

KEN WINSTON: I'm not quite sure exactly what you're asking, but if the question is, should we fund programs to make sure that we... [LR51CA]

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SENATOR SCHILZ: Let me clarify for you then so that you don't have to guess what I'm asking. What I'm saying is if we don't comply with what the feds and what we've agreed to by the time lines that have been set in place, what happens? You were involved in some of those negotiations weren't you? [LR51CA]

KEN WINSTON: Actually I wasn't. [LR51CA]

SENATOR SCHILZ: Or your organization was. [LR51CA]

KEN WINSTON: If they were, I wasn't directly involved with them. [LR51CA]

SENATOR SCHILZ: Okay. [LR51CA]

KEN WINSTON: But the...there are certain...there...well, let me back up just a little bit. [LR51CA]

SENATOR SCHILZ: Sure. [LR51CA]

KEN WINSTON: There are probably people who could specifically answer that question better than I can. So, but, so, what I will do is answer it in the way that I feel is most appropriate based upon my knowledge. [LR51CA]

SENATOR SCHILZ: Sure. [LR51CA]

KEN WINSTON: Which is to say, we do have obligations to uphold with regard to the Platte River Trust. I believe that they should be upheld. I believe they should be funded and I appreciate the fact that several people have come forward and said we need to fund these programs. And to the extent possible, I mean, if it's something where the Platte River Recovery Program would go before the Environmental Trust board and say, we've got to fund this, please fund this because and we believe it's a priority, that could be a way that it could be funded. But we just don't want to see the Environmental Trust wiped out in the pursuit of...we don't want to eliminate one good program with the idea of funding something else that's beneficial. [LR51CA]

SENATOR SCHILZ: Well I have to agree with you. I don't necessarily want to see the Environmental Trust disappear in its entirety either. Absolutely not. I guess my last question is, is with everything that we do know about the implications of what may happen to us, and I don't think anybody can actually sit here and tell us exactly what will happen because you'll open that all up and we'll be back in negotiations again for another ten years. But if that...if those licenses would be reopened and the state of Nebraska and the power districts and everybody else would have to spend another \$50 million to get licenses in place, how does that help the environment of the state of

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Nebraska? [LR51CA]

KEN WINSTON: Well, I think the prior answer that I gave, hopefully, indicates that we think this is a priority and that it ought to be funded. [LR51CA]

SENATOR SCHILZ: Right. [LR51CA]

KEN WINSTON: I don't know enough about how the licenses work and all of that to comment in a way that would shed additional light on that issue. [LR51CA]

SENATOR SCHILZ: Okay. If you would, I think it's really important that everybody in the state of Nebraska understand the implications of that, because I think it's a...I think it's a lot bigger issue than most people think about. And as you sit here and you get so far down the road from that, people forget about how big of an impact that could have. So, and as I've sat around and I've watched the argument on this, I see people making arguments, just like with the matching funds everybody, oh, without this we can't get the matching funds. Well, let's...we need to be careful about how we go through this because in the end, it's going to take all of us working together and it's going to take sacrifice on all of our parts to accomplish what we need to do. But if we can do that, and if we can find solutions out there that actually help everybody instead of pitting everybody against each other, as we seem so good about doing, we'll all have benefits in the end. And there will be more to go around when that's done. So I just hope that we can keep that frame of mind as we go forward. [LR51CA]

KEN WINSTON: And I realize my nods don't appear on the record, but I was nodding during much of your comments. [LR51CA]

SENATOR SCHILZ: I appreciate that. [LR51CA]

KEN WINSTON: And I would agree that we do need to...we need to fund this, I mean, and I hope I made that clear that...and I think I...that was my intent, both in my letter on LB229 and my letter today to say this is important. We need to fund this. But let's not eliminate one program in pursuit of funding another. And let's make sure that we're...like I said, let's not eliminate something good. I mean, it's like saying, well, you've got an infection in one leg, so let's cut off the other. So, to... [LR51CA]

SENATOR SCHILZ: We're pretty good at that, aren't we. Ken, thank you for giving me the opportunity. [LR51CA]

KEN WINSTON: Thank you, Senator. [LR51CA]

SENATOR LANGEMEIER: Very good. Are there any other questions? Seeing none. Very good job, good job. [LR51CA]

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KEN WINSTON: Thank you. [LR51CA]

SENATOR LANGEMEIER: Further testimony in opposition to LR51CA? Welcome. [LR51CA]

JAMES N. DOUGLAS: Senator Langemeier, senators of the Natural Resources Committee, my name is James N. Douglas, J-a-m-e-s N. D-o-u-g-l-a-s. I'm here representing the Nebraska Game and Parks Commission and to present testimony in opposition to LR51CA. I bring forward the sentiments of our board of commissioners that we have all due respect to Senator Heidemann and to all those who believe in the good public purposes for which this resolution would seek to create a constitutional amendment to divert funding towards. So our testimony is not intended in any way to reflect poorly upon the purposes for which the senator seeks to have this funding go towards. With that said, we believe that it is important for testimony to be given that reflects some important points that we'd like to make about the current state of affairs of conservation funding in the state of Nebraska. And at the risk of oversimplifying and in the short amount of time, I'd like to offer the following sentiments. One is that the greatest revenue source for funding conservation in the state of Nebraska comes from federal funding. The federal funding takes a variety of forms. One of the largest arenas of funding for conservation comes through the conservation title of the Farm Bill and Nebraska is the recipient of a great many millions of dollars of conservation funding through the conservation title. An example of that is Conservation Reserve Program that many people are familiar with. At one point in time we had 1.4 million acres, an average cost of almost \$60 an acre, that's one of the largest conservation programs. A smaller conservation reserve program, a speciality program, Conservation Reserve Enhancement Program, of which there are two in Nebraska. One of those is Central CREP, as we call it, an acronym, provides funding for grassland enhancement in about 30 counties in Nebraska. And through that program, for example, there's 20,000 acres of center pivot corners put into grass. There are odd areas that are put into grass for grass enhancement. These are conservation measures, for example, that producers want to do, but perhaps cannot economically afford to do without incentivizing by the federal government. But there are cost-shares involved in programs like this. Similar programs that conservation-minded ranchers and farmers want to do, for example, are funded through EQUIP, another acronym, but a program that has a wide variety of applications on the landscape. Conservation on the landscape in Nebraska is broadly funded through these programs and they do require the matching dollars that have been discussed previously. Millions of dollars in matching dollars are required. The Nebraska Environmental Trust is one of the largest sources, probably the largest source on nonfederal matching dollars to accomplish these feats on the ground of conservation-minded producers in the state. Likewise, the Nebraska Game and Parks Commission has received \$17 million in Environmental Trust funding over the last...over the life of the program. A large share of that funding actually is then transferred further

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into individual producers, cities and towns and so on and is used as matching funds for federal programs. For example, the CLEAR Program which is a program to enhance small lakes and ponds in across the state has been widely successful in enhancing the quality of life in a lot of the small cities around the state of Nebraska. This helps local economic development and quality of life in the local arenas and so on and so forth. And we have real concerns about whether...actually these matching dollars are going to be available to individual producers and to small cities and towns across the state to accomplish all the conservation needs that we have. And I see that my light is on. I'd be happy to answer any questions you might have. [LR51CA]

SENATOR LANGEMEIER: Very good. Are there any questions for Mr. Douglas? Mr. Douglas, I do have one. I tried to beat you up in LB229 discussion, actually your director. I made the comment that maybe we should take the Platte River Recovery Project and give it to the Game and Parks. There's a big deep (sound of drawing in big breath) at that point. [LR51CA]

JAMES N. DOUGLAS: The Platte River Recovery Program is essential, it's an obligation. I agree with the previous testimony that we have to find a way to meet the obligations of the state regarding that. The...it is an obligation, I think, that needs to be shared across a wide venue. So it wouldn't, probably, be adequately shared, in our opinion, if it was the sole obligation of the Nebraska Game and Parks Commission because that would then lay back upon those people that fund the commission, partly the state of Nebraska itself through general funds and largely, though, through user fees of other Nebraskans. So it may not be totally appropriate for us to assume that full share of responsibility. [LR51CA]

SENATOR LANGEMEIER: Okay. Are there any other questions? Seeing none, thank you very much. Further testimony in opposition? Good afternoon and welcome to the committee. [LR51CA]

HARRY MUHLBACH: Thank you for letting me have this time to talk to you. My name is Harry Muhlbach. I live in Lincoln. Do I have to spell it? [LR51CA]

SENATOR LANGEMEIER: Can you spell that...spell that for me. [LR51CA]

HARRY MUHLBACH: Yeah. Last name M-u-h-l-b-a-c-h. [LR51CA]

SENATOR LANGEMEIER: Thanks. [LR51CA]

HARRY MUHLBACH: Okay. I'm here...I'm opposed to this resolution as written. The people had voted on this for one thing. I don't think it's the proper time to be bringing it up just because we're in a recession. I was at the State Fair hearing a couple of years ago when the State Fair was being talked about and they kind of circumvented the

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voters at that time...at the time when they should have been able to vote. And our chancellor was at that hearing and testified about the Innovation Park and that there was never going to be a problem with getting money for the Innovation Park. Well now that we're in a recession and all at once here we've got this coming through a bill...as a resolution wanting the people to approve some of this environmental money, which is a power play by the university again. And the university doesn't directly know about this supposedly. And so that's one reason...some of the bill...this resolution, the way it's written, the university really shouldn't be going after this type of money period. The university said it was going to cost \$600 million to \$800 million to do this Innovation Park. And so at that time they should have known a little bit about where they were going to get their money and at that time they were relying on federal grants. Well, who is the federal grant? Where is that money coming from? That's coming from everybody right here in the state of Nebraska and across the United States. The university needs to look elsewhere for their money. This money needs to stay where it is and maybe tweak it so more...the Republican watershed needs money to help solve their problem. That is a priority. Nebraska is really getting into trouble on the Republican watershed. Senator Haar was bringing up that...about the gambling. We gamble regardless. A lot of people like saying gambling isn't...I'll say how I compare gambling is I don't water ski anymore and I like recreational. I'm not a gambler, but I see a lot people that just go that are retired to unwind and relax with their own money and we've got millions of dollars leaving the state of Nebraska on all of our borders, Kansas, Iowa, North (sic) Dakota, Colorado, and so we've got money that's leaving the state and we want to deny it that we gamble. We gamble when we go to a Nebraska football game, people bet on football under the table, but it's gambling. And I think that the state needs to be looking at outside money instead of trying to tap this Trust again. And I guess, basically, that's where it's at. But I oppose it, the university...this environmental...try and tap this money. [LR51CA]

SENATOR LANGEMEIER: Very good. Hold on a second. Senator Haar has a question. [LR51CA]

SENATOR HAAR: Thanks for coming. Do you represent an organization? [LR51CA]

HARRY MUHLBACH: Well I'm involved with several organizations. I was disappointed in the way that Farm Bureau and the Corn Growers and them have overlooked the university trying to tap this money. The reason they're after that, I feel, is...that we talked about, that they want to make sure that they're not left out in the dark on water issues. [LR51CA]

SENATOR HAAR: In 1992, we had the first vote on the lottery and then there's a change, I mean, you know, need to be changed, so another vote in 2004. What does it say to you as a private citizen that now the Legislature is coming back in 2012 and asking do you really mean what you said in 2004 and 1992? [LR51CA]

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HARRY MUHLBACH: Well that's what...I think right now, just because we're in a recession is not the time to push this issue the way this is written. Do you mean to revote on it again? [LR51CA]

SENATOR HAAR: Yeah. [LR51CA]

HARRY MUHLBACH: I think if you let them revote on the same issue, but not...we're trying to have them vote on something totally different this time around, my feeling is... [LR51CA]

SENATOR HAAR: Okay. [LR51CA]

HARRY MUHLBACH: ...because of the wording. We've gotten away from...the original deal was about environment and now all at once we've got Innovation Park and environment. I mean the way it sounded with other testimony today, the environmental...this Trust can help the environmental part on some projects after it's going, but we don't need this...the environmental don't need to help build Innovation Park. [LR51CA]

SENATOR HAAR: I got a couple people come up to me and say, well, so what are we going to have to say in a constitutional amendment to get the Legislature to understand what we designated this money for? So I appreciate you coming and thank you very much. [LR51CA]

SENATOR LANGEMEIER: Seeing...oh, Senator Carlson. [LR51CA]

SENATOR CARLSON: Thank you, Senator Langemeier. I'm going to ask questions and they may sound like I'm out of place because I was across the hall introducing two other bills, so I haven't heard...you're the first testimony that I've heard. And in the issues that we face with budgeting and balanced budget and reduced revenue in the state, you understand we have a problem. Now, would you had not said something here, I just point-blank ask, what would be your suggestion for the source of dollars for the challenge that we have in water issues? But I think you've said open up gambling. That would be...would that be your solution? [LR51CA]

HARRY MUHLBACH: Well, we're kind of hiding it the way it is. We've already got Keno, we're gambling right now, you know. So we're just...we're denying we're gambling already for money. It doesn't matter what business you're in, there's always a bad apple. In gambling, gambling is still a sport. It's not...in my belief, you can choose to gamble. If you don't like gambling, don't go gambling, but you don't need to deny if that's a source of income for the state, because Iowa is laughing at us. They love this money that we're sending over there. [LR51CA]

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SENATOR CARLSON: So that would be something that you'd provide as an alternative or an additional source,... [LR51CA]

HARRY MUHLBACH: Right. Right. Right. Right. [LR51CA]

SENATOR CARLSON: ...would be to expand the gambling that we have. [LR51CA]

HARRY MUHLBACH: Right. Right. We tried to expand the gambling in the horse racing deal and for some reason we can't even get that off the ground. You know, we can go bet on a horse but we can't do mutuel...or we can't do video betting, you know, like they do in Vegas. [LR51CA]

SENATOR CARLSON: Okay. Now the...I appreciate you coming to testify and in no way do I want to make you feel uncomfortable. You don't like this bill, but the bill itself is putting it up to the people to decide. And it was decided in the early '90s and then amended in 2004, I think it was. I don't see what's wrong with bringing things back to the people to make decisions on like this versus just a decision at the Legislature. Isn't it the right thing to let people decide? [LR51CA]

HARRY MUHLBACH: Well, there's...to me, there's too many issues in here. The people, if they decide, it's yes or no vote, I think it needs rewritten a little bit and I think some of this stuff needs to be tweaked a little bit, like I don't think that the Innovation Park, because when the State Fair of Nebraska was dissolved or moved, at that time the university said they didn't need any of this money, they would never need this money. And when the chancellor was testifying that money wasn't going to be a problem, that these companies would come and fork over the money to help build this or, you know, matching funds and all this, private money, I just...even though the Innovation Park says they're going to do something on alcohol, grain alcohol and the development of alcohol, well, let these companies bring their own money in and let the university work out a deal with them instead of...let's keep the environmental money separate and conservation money separate. We do not need to...if the people are voting...the ones that want Innovation Park, they're going to vote for this bill. And if you go by the population of Lincoln alone, they could override the rest of the state, the ones that actually live out in the environment. [LR51CA]

SENATOR CARLSON: Now again, not to make you feel uncomfortable, if I'd say what would you like to see done with this bill, you mentioned "tweak." How, if you had the power to tweak it, what would you do? [LR51CA]

HARRY MUHLBACH: I would eliminate the environmental department, the university having any, and it's a pretty high percentage. I would...I wouldn't give the university any money because they testified that they didn't need it two years ago and now they

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say...they aren't, but this bill does. So I would eliminate that. And then it's also it's a 25-year bill...resolution. I think that's way too far out, that doesn't need to be. It says that they would go out to 2039, which none of us will be here. I mean we may be here. [LR51CA]

SENATOR LANGEMEIER: I hope to be. (Laughter) [LR51CA]

HARRY MUHLBACH: Well, yeah, you might be over here on this side. [LR51CA]

SENATOR LANGEMEIER: Not here, but over there maybe. [LR51CA]

HARRY MUHLBACH: You may on this side, okay, but, you know, I didn't mean it that way. But, you know, that 25 years, so it that not going to come up for a vote in 25 years again, because it was 2004. That was only, you know, seven years ago and here...you know, are we going to have a vote on this every seven years? [LR51CA]

SENATOR CARLSON: Okay. Now the 25-year, I understand that concern, and dropping the university Innovation Park out of it. Then what...would you put anything in? Of course, if it's dropped out and it's the only thing that's dropped out, then the whole thing would go to Water Resources Cash Fund. [LR51CA]

HARRY MUHLBACH: I guess I don't know for sure who needs the money on the environment. I don't want just strictly the water resource to get it. I still want it divided out, you know, like it is now but, you know, maybe appropriated more evenly. The university, I don't know if you were here, the university already gets money out of this Environmental Trust Fund right now without having to put this other wording in there. [LR51CA]

SENATOR CARLSON: Well, I appreciate what you're saying and, whether you're meaning it or not, you're not outright saying this is a dumb bill, just forget the whole thing. You're trying to tweak it and help, and so you aren't necessarily saying it ought to just disappear. I think you understand that there's a need in the Water Resources Cash Fund. [LR51CA]

HARRY MUHLBACH: Right. Right, and I mentioned that with the Republican watershed and that. [LR51CA]

SENATOR CARLSON: Okay. Thank you. [LR51CA]

HARRY MUHLBACH: Yep. [LR51CA]

SENATOR LANGEMEIER: Very good. Any other questions? Seeing none, thank you very much for your testimony, a great job. Further testimony in opposition? Don't be

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bashful. I like to see you coming up, getting ready. [LR51CA]

STEVE WILSON: Here we go. [LR51CA]

SENATOR LANGEMEIER: Welcome. [LR51CA]

STEVE WILSON: Hello. Just realized I might need to invest in bifocals one of these days. (Laughter) [LR51CA]

STEVE WILSON: (Exhibit 8) No, I'm good, I'll just go ahead and pull one of these things here. Good afternoon, Senator Langemeier and members of the Natural Resources Committee. My name is Steve Wilson, W-i-l-s-o-n. I am the Nebraska regional director for Ducks Unlimited, representing our 12,154 members across the state. Through grants provided by the Nebraska Environmental Trust Fund, Ducks Unlimited and others you have heard from are able to leverage millions of dollars from additional sources, including federal wetlands grants that have been spent here in Nebraska conserving wetland habitat and contributing to our economy. Leveraging NET grant dollars has allowed us to average a 4-to-1 match with federal matching funds programs for conservation and water quality projects in the state of Nebraska. In Nebraska, Ducks Unlimited conservation projects are focused in the Rainwater Basin and along the Platte River. These two wetland ecosystems provide critically important habitat to tens of millions of waterfowl each year, primarily during migration periods. In addition to benefiting waterfowl, our habitat conservation projects benefit hundreds of other species of wildlife and people. Even more importantly, our projects provide important statewide benefits. For example, our conservation easement projects along the Platte River are helping Nebraska meet Platte River Recovery Program goals. Some of our wetland restoration projects in the Tri-Basin NRD have allowed us to voluntarily transfer certain irrigation rights to Tri-Basin NRD, helping the NRD meet mandated water use reduction goals. Many of our wetland restoration projects are helping replenish groundwater supplies that benefit local farmers by raising the water table and providing additional water for agricultural irrigation. Most of our wetland restoration projects have direct benefits to water quality, improving the health of streams and rivers. A number of projects have provided additional public recreational opportunities, including hunting, bird watching, hiking, and wildlife photography. Along the Platte River, we have helped many landowners remove invasive species from the river, saving water and improving wildlife habitat. We could not have achieved these resource benefits without the Nebraska Environmental Trust. NET grants provide a significant source of state funds that support all of these worthwhile efforts. NET funds provide the nonfederal source of dollars that we can use to leverage and secure federal matching funds, bringing millions of dollars to the state, expanding project benefits, and contributing to our economy. In summary, Ducks Unlimited and our 12,000 members across the state are avid supporters of the Nebraska Environmental Trust. We are opposed to this bill and its attempts to eliminate the Trust. The natural resources in Nebraska are too important to

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simply eliminate the most significant conservation grant program available to landowners and conservation groups across the state. On behalf of our members across the state, I respectfully ask this committee to vote no on this bill. Have any questions, Senators? [LR51CA]

SENATOR LANGEMEIER: I don't think you need bifocals. You did really well. [LR51CA]

STEVE WILSON: Yeah, without my glasses. [LR51CA]

SENATOR LANGEMEIER: Senator Haar. [LR51CA]

SENATOR HAAR: Question: Do your members care about this issue? [LR51CA]

STEVE WILSON: Absolutely. [LR51CA]

SENATOR HAAR: Absolutely. How do you think they think about this and the other attempt to take half the Environmental Trust money and put it in the Water Fund? [LR51CA]

STEVE WILSON: Well, our... [LR51CA]

SENATOR HAAR: What emotion would you... [LR51CA]

STEVE WILSON: Our members realize that that's...our budget in the state of Nebraska is very limited. Our staff and our programs in the state of Nebraska 20 years ago, as I was a volunteer member, I've only been on staff for four years, but as a volunteer 18 years ago when this was coming about, we had one employee in the state of Nebraska and that was a regional director like myself that's in charge of fund-raising. We didn't have much conservation work to do until we actually had some matching funds that we could go out and get federal grants for the Rainwater Basin area and doing projects on the Platte River. So our budget is then used as match for the Nebraska Environmental Trust. Those dollars, in addition to our budget, are then used for federal wetlands grants that, on average, get us about 4 to 1 in bringing money into the state to do habitat work. So it's integral for us to have that. Our members are aware of how we deliver our habitat projects on the ground. [LR51CA]

SENATOR HAAR: So we heard in the introduction to this bill, and I appreciate Senator Heidemann being, you know, being up-front about setting priorities. And so basically the idea is that we would want the people of Nebraska to say that the State Fair, Innovation Park, and the Water Cash Fund are more important than what you do. How do you react to that? [LR51CA]

STEVE WILSON: Well, there are several options. Ducks Unlimited realizes that the

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issues that are facing us are very important. The Environmental Trust on a competitive grant program, is very important to the public. It's what we voted on. As far as setting priorities, I think the senator is correct. Our water conservation issues are going to become some of the most important issues that face our state within my lifetime and we need to prepare for those things. The Nebraska Environmental Trust puts money in the hands of anybody who applies for it that qualifies during that grant program on these water conservation issues. So that money is already being directed in that area. We would definitely be open to working with the senators to come up with our alternative funding. We realize this is an issue that's going to be facing us and we're very prepared to be part of the solution. So I hope that answered your question. [LR51CA]

SENATOR HAAR: Thanks. [LR51CA]

STEVE WILSON: I'm not a biologist. I'm a fund-raiser. So some of these questions, if we have, I may have to have a biologist get back with you and answer some questions. [LR51CA]

SENATOR HAAR: Thank you very much. [LR51CA]

STEVE WILSON: You bet. [LR51CA]

SENATOR LANGEMEIER: Fund-raising is what we're doing here so we're going to keep your number. [LR51CA]

STEVE WILSON: Absolutely. [LR51CA]

SENATOR LANGEMEIER: Are there any other questions? Senator Carlson. [LR51CA]

STEVE WILSON: Yes, sir. [LR51CA]

SENATOR CARLSON: Thank you, Senator Langemeier. Steve, first of all, thank you for being here today. And one statement that you made early that I like, I'll tell you what I like first, was that you have been instrumental in removing some vegetation from the Platte River and it saved water. [LR51CA]

STEVE WILSON: Correct. [LR51CA]

SENATOR CARLSON: Do you stand by that? [LR51CA]

STEVE WILSON: Absolutely. [LR51CA]

SENATOR CARLSON: Good. I appreciate that statement. We have some people that I don't think are smart enough to understand that we do save water when we do that, so I

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appreciate that stance that you've taken. You accept grants from the Environmental Trust and then you leverage that to get other dollars, and you have these dollars. Is one of the things that Ducks Unlimited does...and I'm getting my crack at you today because tomorrow you can get me and I can't say anything. [LR51CA]

STEVE WILSON: Gotcha. [LR51CA]

SENATOR CARLSON: Is one of the things that you do is buy farmland? [LR51CA]

STEVE WILSON: Occasionally, yes. [LR51CA]

SENATOR CARLSON: Do you ever buy irrigated farmland? [LR51CA]

STEVE WILSON: I think there has been one instance and that was to trade, do a trade with another landowner. [LR51CA]

SENATOR CARLSON: You do, so it's possible you would buy irrigated farmland. You do buy cropland. [LR51CA]

STEVE WILSON: Correct, if there is a marsh in the middle of the cropland. We wouldn't just go buy 160 acres of irrigated, flat cropland. There would have to be a marsh in the middle that floods that crop every year for us to go in and be interested in that piece of property, whether it's for habitat work or for easement acquisition, anything of the above. We wouldn't just go buy a piece of irrigated cropland. [LR51CA]

SENATOR CARLSON: After you've purchased that land, do you as a habit or periodically or how often does that land that you purchase then get changed to grassland? [LR51CA]

STEVE WILSON: Depends again on the piece of property, and not being a biologist, I would have to go through every project. I've gone through our Verona Complex, as we did a fund-raiser for our Fallen Heroes Marshland that I was pretty integral in being involved in raising the funds for that particular area, which happens to fall in your district. And I'm going off of what our engineers, biologists, what I've been shown on pictures and educated myself, but if you have any particular piece of property there would have to be a marshland on there. We would redo the marshland, put a buffer strip of upland on there for catching any runoff. There could be instances where we convert the cropland to grassland. We may segment that cropland out, sell it to a producer. There's...it would just depend on the piece of land. You know, I mean I've gone from property to property to property, and after speaking to a number of folks in Clay County, I went through a lot of our records, trying to look and see exactly what was making people mad. (Laugh) [LR51CA]

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SENATOR CARLSON: How do you determine what you're willing to pay for a piece of property? [LR51CA]

STEVE WILSON: It is based on an appraisal, just like any other appraisal, but we would have to have a registered appraisal of the piece of land and we cannot pay one penny more than what that appraisal is, and that's our policy. [LR51CA]

SENATOR CARLSON: Now if you're interested in a piece of land and because you have the dollars available and you can pay up to appraised value, chances are pretty good that's where you would go, and if somebody is bidding against you, up to appraised value. [LR51CA]

STEVE WILSON: Sure. We're a private company so we'd prefer not to pay...you know, we want to buy it as cheap as we can just like anybody else. [LR51CA]

SENATOR CARLSON: Certainly. I think that what really happens, though, is that you're going to pay up to appraised value if necessary and so a local farmer that wants to buy that piece of land, he or she is going to pay above appraised value to get it, and that has the effect over time of raising the prices that are paid on land. And, of course, that's something that people don't like. When you buy a piece of land, do you pay taxes on that land? [LR51CA]

STEVE WILSON: Yes, we do. [LR51CA]

SENATOR CARLSON: What kind of taxes? You pay property taxes. [LR51CA]

STEVE WILSON: Sure, whatever the assessed value of the property is. [LR51CA]

SENATOR CARLSON: And so the whole time you're owning that land, that doesn't change. [LR51CA]

STEVE WILSON: It could change if we convert the property, a specific portion of the property. Let's say that the marshland was deemed to be wasteland at \$300 an acre and we entered into the WRP program. A majority of counties, that would raise from \$300 an acre at 75 percent valuation to \$1,000 an acre as WRP at 100 percent valuation. That's an instance where the taxes could go up on that piece of property. There's a number of instances where if we decided to convert it to grassland and open that up to running cattle on it, that could lower the tax value, and it just depends on what the assessor deems that value of the property to be. And then, of course, we pay 100 percent of our taxes and not 74 percent. [LR51CA]

SENATOR CARLSON: Okay. I'm taking enough time here. I would ask you when you come back tomorrow, to think about what kind of alternatives or what kind of input could

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you have that, in circumstances where you buy land, it helps keep everybody whole in terms of taxes paid so that counties can operate and not end up upset with the way they perceive you people doing things,... [LR51CA]

STEVE WILSON: Sure. [LR51CA]

SENATOR CARLSON: ...so that everybody can be whole. Thanks for... [LR51CA]

STEVE WILSON: And I'll have Steve Donovan address that tomorrow as well, and we can get back to you personally with that. I know as an organization, all of us as employees have gotten together and had a lot of discussions on exactly what we can do to make everybody happy. I know that's probably a stretch, making everybody happy all of the time, but I think we're very prepared to be part of the solution and our intention is not to hurt any county government's ability to take care of the folks in their county. [LR51CA]

SENATOR CARLSON: And you've testified in opposition so you'd just as soon see this bill disappear. [LR51CA]

STEVE WILSON: Correct. [LR51CA]

SENATOR CARLSON: Okay. Thank you. [LR51CA]

SENATOR LANGEMEIER: If you bottle that up, everything happy, I need it. (Laughter) [LR51CA]

STEVE WILSON: Absolutely. [LR51CA]

SENATOR LANGEMEIER: Senator Schilz. [LR51CA]

SENATOR SCHILZ: Thank you, Senator Langemeier. Mr. Wilson, thanks for coming in today. I have a couple questions and the first one is just to piggyback off of Senator Carlson. As you negotiate your easements and things like that or purchases or whatever, have you ever had anything in there where you've negotiated to maintain the level of taxation at what it was previously? Have you done any of that? I know... [LR51CA]

STEVE WILSON: Not that I'm aware of. [LR51CA]

SENATOR SCHILZ: Okay. I know on the Platte River, when we worked on a lot of that stuff, there was some negotiation in there to make sure that as that goes forward that it doesn't adversely... [LR51CA]

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STEVE WILSON: And that very well could be but that's... [LR51CA]

SENATOR SCHILZ: I understand. [LR51CA]

STEVE WILSON: ...something I wouldn't be familiar with. [LR51CA]

SENATOR SCHILZ: Right. [LR51CA]

STEVE WILSON: And I could definitely have... [LR51CA]

SENATOR SCHILZ: Sure. [LR51CA]

STEVE WILSON: ...Steve or someone else on our staff get back with you on that. [LR51CA]

SENATOR SCHILZ: Sure. And I'm just saying there's other places where that's gone on and it may be an opportunity to help solve some of these issues here. And then in your testimony, looking here at the bottom of the page, it says here, we could not have achieved these resource benefits without the Environmental Trust, and that would be to date, right? I would guess that...are you familiar, with your workings of Ducks Unlimited in other states and how they work with matching dollars and things like that? [LR51CA]

STEVE WILSON: They don't...they don't have the programs that we have in the state of Nebraska. [LR51CA]

SENATOR SCHILZ: Right. Right. And Colorado, on the Tamarac Project, aren't they partnering with the state on that? [LR51CA]

STEVE WILSON: A different source of funding. [LR51CA]

SENATOR SCHILZ: Right, absolutely. [LR51CA]

STEVE WILSON: Yeah. [LR51CA]

SENATOR SCHILZ: But that doesn't preclude you from using different sources of funding here as well, does it? [LR51CA]

STEVE WILSON: If there were sources of funding in the state. Colorado has those sources of funding. [LR51CA]

SENATOR SCHILZ: Right. So you don't partner, you don't partner with anybody else but the Environmental Trust in the state of Nebraska? [LR51CA]

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STEVE WILSON: Nebraska Game and Parks, absolutely. [LR51CA]

SENATOR SCHILZ: So there are different funds there, okay. [LR51CA]

STEVE WILSON: That are shrinking every day. [LR51CA]

SENATOR SCHILZ: Well, you can do it... [LR51CA]

STEVE WILSON: There's nothing from the General Fund going to...that's all money by use fees from... [LR51CA]

SENATOR SCHILZ: Right. [LR51CA]

STEVE WILSON: ...from sportsmen and it is very, very small, as Mr. Douglas can tell you, it's a small pool of resources, nowhere near \$15 million. [LR51CA]

SENATOR SCHILZ: Understandable. [LR51CA]

STEVE WILSON: And it's not on a grant process on that end. We partner with Nebraska Game and Parks, would like to do more of that. However, like the rest of the state, they don't have any money either. [LR51CA]

SENATOR SCHILZ: Got to have any money. Well, but it would not preclude you. I mean you've partnered in other places with, I would suppose, individuals and things such as that, so your funding opportunities on the state level are broader than just the NET, if those vehicles were available, correct? [LR51CA]

STEVE WILSON: It would. It would go down. I was doing the math on that. I'm kind of a math guy. [LR51CA]

SENATOR SCHILZ: Right. [LR51CA]

STEVE WILSON: I'm in charge of identifying different species of \$100 bills (laughter) so, you know,... [LR51CA]

SENATOR SCHILZ: Okay. [LR51CA]

STEVE WILSON: ...it's a little different for me. And I was looking at that and, you know, last year we raised about \$900...well, exactly \$986,000 in the state of Nebraska, of which, our policy, all of that goes to our national headquarters in 501(c)(3) rules, gets distributed from Canada all the way down to Mexico. Our budget here in the state of Nebraska was about \$140,000 prior to match. [LR51CA]

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SENATOR SCHILZ: Okay. [LR51CA]

STEVE WILSON: So our program would go...I think habitat, to date, last year was about \$4.1 million on the ground. Without the Nebraska Environmental Trust and some of the matching from the state, it would roughly go from \$4 million down to a couple hundred thousand bucks. [LR51CA]

SENATOR SCHILZ: Right. So...but I hope that I take away from this that you're interested in partnering with whoever steps up and has the money and the same goals that you have? [LR51CA]

STEVE WILSON: Absolutely. [LR51CA]

SENATOR SCHILZ: Okay. Thank you very much. [LR51CA]

STEVE WILSON: You bet. [LR51CA]

SENATOR LANGEMEIER: Very good. Any other questions? Seeing none, thank you. Very good. [LR51CA]

STEVE WILSON: Thank you much. [LR51CA]

SENATOR LANGEMEIER: Well done. Further testimony in opposition? Good afternoon and welcome back to the committee. [LR51CA]

LYNN MOORER: Good afternoon. Chairman Langemeier, nice to see you again, and members of the Natural Resources Committee, I am Lynn Moorer, L-y-n-n M-o-o-r-e-r, an environmental attorney here in Lincoln and I'm also on the board of Friends of Wilderness Park. Today I speak as a representative of Friends of Wilderness Park. For those of you who may be unfamiliar with Wilderness Park, this is a 1,475-acre undeveloped park in southwest Lincoln through which Salt Creek meanders in its unchannelized area. Wilderness Park is home to half the known plant species in Lancaster County and is maintained so that wilderness values are enhanced. Friends of Wilderness Park is one of the hundreds of entities in Nebraska which have benefited from a grant from Nebraska Environmental Trust. We oppose LR51CA because the Trust is a tremendous success story that should be continued. The merit-based system the Trust uses for awarding grants is vastly superior and preferable to awards given without an open, competitive, merit-based system. It provides a level playing field for all applicants, whether small or large, and it awards grants through a very open and transparent process. Nonprofits, like Friends of Wilderness Park, are able to compete fairly with state agencies like the Department of Natural Resources or political subdivisions like the NRDs to receive much-needed grant money. Indeed, the fact that the Trust competitive grant program makes it genuinely possible for any eligible party in

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the state to be awarded a grant is perhaps its strongest feature. The Environmental Trust has demonstrated success through its 18-year history in working cooperatively with a host of sponsors who contribute funding with an average 2 to 1 match. You've heard that before but I think it's worthy of repeating. Through this method then, the Trust funding of \$157 million has turned into \$471 million in investment for projects across Nebraska. We consider that a lot of economic development. That means a lot of jobs, as Senator Heidemann said was one of his concerns. Nebraska Environmental Trust is already doing a good job with respect to that. There are numerous meritorious Trust-funded environmental and conservation projects in progress that should be continued. I think that's important for you to think about. These projects are certainly as important as Nebraska's...for Nebraska's healthy future as the Innovation Campus at the university. Moreover, the Innovation Campus project has far more wherewithal to find funding sponsors than the lion's share of much of the much smaller entities who have and continue to rely upon Trust grants that benefit Nebraskans all across the state. We urge the committee to indefinitely postpone LR51CA because the Environmental Trust is a unique asset for all Nebraskans and a state agency of which one can be quite proud. It's not often you can say that sincerely about a state agency. Nebraska Environmental Trust serves a very real and important need across the state and should be allowed to continue its success and its service to Nebraskans. Finally, it's not entirely clear why so much proposed legislation this session is targeting the Trust, whether to divert funds away from it, to limit its powers or, like LR51CA, to kill it. In short, we respectfully request that you leave the Trust alone and allow it to continue its stellar and essential work. Senator Heidemann indicated earlier today that this is an opportunity for citizens to express what their priorities are and this is our priority. NET needs to be able to continue to disburse the funds that it has received in a Trust capacity through its merit-based system. That's our priority. Thank you for this opportunity to comment. I'll be happy to answer any questions you may have. [LR51CA]

SENATOR LANGEMEIER: Very good. Senator Haar. [LR51CA]

SENATOR HAAR: I'm sorry, I missed a number here. You said that how much money was translated into \$471 million? [LR51CA]

LYNN MOORER: That's \$157 million. [LR51CA]

SENATOR HAAR: Okay. And just, since I like numbers and where they come from, where did you get those two numbers from, Lynn? [LR51CA]

LYNN MOORER: I got them from the Nebraska Environmental Trust statistics. [LR51CA]

SENATOR HAAR: Oh, okay. So they're saying that the \$157 million that they've gotten through the lottery process has translated into \$471 million in projects. [LR51CA]

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LYNN MOORER: Yeah. The \$157 million that they've disbursed,... [LR51CA]

SENATOR HAAR: Right. [LR51CA]

LYNN MOORER: ...because of the matching system, the 2 to 1 system,... [LR51CA]

SENATOR HAAR: Gotcha. [LR51CA]

LYNN MOORER: ...in which other sponsors then contribute roughly two times more, that's how it becomes \$471 million. [LR51CA]

SENATOR HAAR: Great. Thanks for that. [LR51CA]

LYNN MOORER: You're welcome. [LR51CA]

SENATOR LANGEMEIER: Very good. Are there any other questions? Seeing none, thank you very much for your testimony. [LR51CA]

LYNN MOORER: Thank you. [LR51CA]

SENATOR LANGEMEIER: Further testimony in opposition? Welcome. [LR51CA]

CAROL EVANS LYNCH: Thank you. [LR51CA]

SENATOR LANGEMEIER: Good afternoon. [LR51CA]

CAROL EVANS LYNCH: (Exhibits 9 and 10) Good afternoon, Senators. My name is Carol Evans Lynch, that's C-a-r-o-l L-y-n-c-h, and I'm a board member of the Nebraska Statewide Arboretum, Incorporated. I am here at the request of our board president, John Royster, to speak on behalf of the board in opposition to LR51CA. The Nebraska Statewide Arboretum, Incorporated, is a private nonprofit that has 93 affiliate arboretum sites spread across the state. Our mission is sustainable landscapes for healthy homes and communities, and we have approximately 1,000 members statewide. Since our founding 33 years ago, NSA has provided communities and local groups with over \$16 million in grants to improve the lives of Nebraskans by improving the green spaces of their communities. Our grant programs are, in turn, funded by NSA, Incorporated, who obtains funds from private foundations and from the Nebraska Environmental Trust. NSA, Incorporated has pursued NET's competitive grant program successfully in the past, allowing us to fund our Nebraska Green Space Steward Initiative and Trees for Nebraska Towns. These two grants have resulted in 450 projects in 177 communities across the state, providing direct benefits to 64 percent of the individuals living in Nebraska communities. Recently, NET has allocated \$725,000 to NSA to fund our

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Water Wise Landscapes Initiative, which is a statewide, multipartner, three-year effort to develop model sustainable landscapes and engage communities in comprehensive planning and outreach activities that lead to long-term sustainable landscape practices. NSA will work with at least 20 communities to decrease water use and increase sustainability. As a result of this program, a best practices compendium will be developed to educate other Nebraska communities on how to decrease their water use. NET's competitive grants program are critical to ensure that NSA, Incorporated can continue to sponsor programs which improve community landscapes and save water in communities throughout the state. LR51CA will eliminate the Nebraska Environmental Trust, but the environmental needs that NET funding has addressed in the past will not go away. It feels like LR51CA is an earmark, plain and simple. It denies citizens from across the state to benefit from the proceeds of the Nebraska lottery. The 63 percent of Nebraskans who approved the lottery did it to improve our environment statewide, not to meet regulatory requirements on the Platte and Republican Rivers, nor to fund a development project by the University of Nebraska. Let me explain the positive impact of NSA's grant programs that use NET funds at the community level. In Legislative District 1 alone, NSA competitive grants using NET funds totaled \$123,080.61 for the communities of Auburn, Brownville, Cook, Eagle, Falls City, Lewiston, Stella, and Tecumseh. The funds granted to these communities were used to pay for landscape plantings installed by local nurseries, who in turn paid wages which were spent on main streets throughout this district. This benefit has occurred across the state with all of our grant programs. I would ask each of you to review the handout that I have provided for you to see how each of your districts have benefited from our programs funded by the competitive grants program, and that's best illustrated on the inside. I want to point out that the match rate on our grants has been \$2.50 to every \$1 of NSA grants. This demonstrates the support of local communities for the NSA programs that have been funded using NET grants. The board of NSA, Incorporated has identified sustainable water use as the number one environmental issue Nebraskans will face in the future. Our programs promote sustainable landscape practices that improve local green spaces and provide environmental benefits of shade, decreased water runoff, carbon sequestration, and cleansed air. Continuation of the Nebraska Environmental Trust and its competitive grants program is critical to NSA, Incorporated's ability to assist Nebraskans in all 93 counties. NSA, Incorporated encourages this committee and the Legislature to work with the Governor to seek a better solution to address the funding needs of the Water Resources Cash Fund and the Innovation Campus. Eliminating the Environmental Trust to fund these needs negates the vote of 63 percent of the Nebraskans who approved the lottery to benefit education and the environment.  
[LR51CA]

SENATOR LANGEMEIER: Very good. Are there any questions? Senator Haar.  
[LR51CA]

SENATOR HAAR: Wow, another organization, that which is really neat. Tell me a little

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bit about your membership structure. Do people pay dues or how does it work?  
[LR51CA]

CAROL EVANS LYNCH: We have a dues structure. It costs initially, there's a student membership that I think is \$25, then a beginning membership is \$45, and then there's corporate memberships then on up if you care to join. [LR51CA]

SENATOR HAAR: Okay. And about 1,000 people that pay these memberships.  
[LR51CA]

CAROL EVANS LYNCH: That's correct. [LR51CA]

SENATOR HAAR: Does that include the people in these communities or...that you have, the partnerships? [LR51CA]

CAROL EVANS LYNCH: The communities that have benefited from the grants?  
[LR51CA]

SENATOR HAAR: Yeah. [LR51CA]

CAROL EVANS LYNCH: Yes. [LR51CA]

SENATOR HAAR: Okay. Thank you very much. [LR51CA]

CAROL EVANS LYNCH: Uh-huh. [LR51CA]

SENATOR LANGEMEIER: Senator Schilz. [LR51CA]

SENATOR SCHILZ: Thank you, Senator Langemeier. Carol, thanks for coming in this afternoon. As I listened and was reading over your testimony here, I just want to make sure that...I just want to make sure that I understand because I'm seeing a couple things here that are maybe a little bit at odds with each other. On the first page at about the fifth, sixth paragraph, you talk about...you talk about the earmark and let's just take the constitutional amendment away. You said that this shouldn't be used to meet regulatory requirements on the Platte and Republican Rivers. And then on the back, the board of the NSA, Inc. has identified sustainable water use as our number one environmental issue in Nebraska. Are you familiar with what the programs are that are going on, on the Platte and... [LR51CA]

CAROL EVANS LYNCH: Yes, sir, I am. [LR51CA]

SENATOR SCHILZ: ...and you understand that...do you believe that those are environmental programs to help... [LR51CA]

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CAROL EVANS LYNCH: I understand your...I... [LR51CA]

SENATOR SCHILZ: ...excuse me, to help enhance river flows, to make water more sustainable for all users? [LR51CA]

CAROL EVANS LYNCH: Yes, I do. [LR51CA]

SENATOR SCHILZ: Okay. Then how do you...I'd like to know, and maybe it's just a misunderstanding of what's going on, but how does that jibe with what you have on the front and the back? [LR51CA]

CAROL EVANS LYNCH: Well, let me do my best to try and clarify that for you. [LR51CA]

SENATOR SCHILZ: Okay. [LR51CA]

CAROL EVANS LYNCH: Sustainable water use, as far as the NSA board is concerned, considers all water use within the state,... [LR51CA]

SENATOR SCHILZ: Uh-huh. [LR51CA]

CAROL EVANS LYNCH: ...be it within your community or around your lakes and rivers. [LR51CA]

SENATOR SCHILZ: Right. [LR51CA]

CAROL EVANS LYNCH: And we do have a huge obligation as a state to satisfy those compacts that have been made in regard to that water use. [LR51CA]

SENATOR SCHILZ: Uh-huh. [LR51CA]

CAROL EVANS LYNCH: And I can understand why you might be confused by what the front and the back of the paper say... [LR51CA]

SENATOR SCHILZ: Right. [LR51CA]

CAROL EVANS LYNCH: ...so probably it was my inexperience in developing the message that was not appropriate. It just...if we take care of those compacts with the grants from NET from all that money that NSA benefits from, we would no longer be able to satisfy what we do for the rest of the state in all of those communities across the state. [LR51CA]

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SENATOR SCHILZ: In your organization. [LR51CA]

CAROL EVANS LYNCH: In our organization. [LR51CA]

SENATOR SCHILZ: Right. [LR51CA]

CAROL EVANS LYNCH: The NET grants for the next three to five years are about 60 percent of our budget, our granting budget. [LR51CA]

SENATOR SCHILZ: Okay. Right. And you do realize that the NET right now spends quite a bit of money on water resource issues as well, right? [LR51CA]

CAROL EVANS LYNCH: Yes, I do. [LR51CA]

SENATOR SCHILZ: Does that bother you? [LR51CA]

CAROL EVANS LYNCH: Not at all. [LR51CA]

SENATOR SCHILZ: Even though you could lose to that going forward? [LR51CA]

CAROL EVANS LYNCH: You know, I'm more concerned about creating a better life for the people that live in this state... [LR51CA]

SENATOR SCHILZ: Right. [LR51CA]

CAROL EVANS LYNCH: ...in the communities in which they reside. [LR51CA]

SENATOR SCHILZ: Well, I think...I don't think you'll find anybody here that's not in your corner with that. But I appreciate your answers. Thank you very much. [LR51CA]

SENATOR LANGEMEIER: Are there any other questions? I just, seeing no others, I want to ask one question for clarification of what you just said. Sixty percent of your budget comes from the Environmental Trust? And then you then grant it again? Okay. Okay. [LR51CA]

CAROL EVANS LYNCH: We don't...we have no state funding. We lost our \$250,000 support from the state a couple years ago and so now to survive as an organization to serve the state and our 93 affiliate sites and the people that benefit from the grants, then we manage those grants. [LR51CA]

SENATOR LANGEMEIER: That brings me to another question then. Can I apply to get a grant from you as well as apply myself to the Environmental Trust for a project? [LR51CA]

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CAROL EVANS LYNCH: That is a question that I don't have an answer for, for you directly, sir. I could find out. My understanding is that you would apply to us if you were interested in the grant that we are offering at the time. I don't think...and we just work with communities. [LR51CA]

SENATOR LANGEMEIER: Okay. You're doing a great job. I'm going to ask one more question. Then so do you have a paid administrative staff for your group then too? [LR51CA]

CAROL EVANS LYNCH: Our staff is paid by, in reality, kind of sort of but not really. Our staff is paid by when you figure out the grant you work in some money that goes to administration. So that money comes from...that pays them comes from that. [LR51CA]

SENATOR LANGEMEIER: Okay. [LR51CA]

CAROL EVANS LYNCH: We have a memorandum of understanding with the Nebraska Forest Service and our offices are generously housed on the University of Nebraska East Campus, and that has been a long-term situation and we are very blessed to have that. Without those generous things, we would not exist. [LR51CA]

SENATOR LANGEMEIER: I agree. Senator Carlson. [LR51CA]

SENATOR CARLSON: Thank you, Senator Langemeier. His question brings up one for me. If 60 percent of your budget is from the Environmental Trust, and that was \$725,000, then your total budget is about \$1.2 million. And you have 1,000 members so the dues aren't going to make up a very big percentage of that \$1.2 million. Where does the rest of the money come from? [LR51CA]

CAROL EVANS LYNCH: I don't think our budget is \$1.2 million, sir. It's about right around...and I would have to...I don't have the direct answer for that because I don't have those figures in my head. I could respond to you directly, if you would like. [LR51CA]

SENATOR CARLSON: You think it's lower than \$1.2 million. [LR51CA]

CAROL EVANS LYNCH: Absolutely. We work under... [LR51CA]

SENATOR CARLSON: So... [LR51CA]

CAROL EVANS LYNCH: We work maybe around...our operating budget, I...it's out of my head right now. I'm sorry. [LR51CA]

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SENATOR CARLSON: But if you get a grant from the Trust, then you don't really attempt to leverage those dollars with somebody else in order to gain more dollars, like several groups do. Ducks Unlimited just talked about their ability to leverage dollars from the Trust to get more dollars. You don't really do that. [LR51CA]

CAROL EVANS LYNCH: My understanding, the way we operate, is no. [LR51CA]

SENATOR CARLSON: Okay. Okay. Thank you. [LR51CA]

SENATOR LANGEMEIER: Very good job. [LR51CA]

CAROL EVANS LYNCH: Thank you. [LR51CA]

SENATOR LANGEMEIER: We appreciate it. Further testimony in opposition? Welcome back. [LR51CA]

SCOTT SMATHERS: Thank you. I am Scott Smathers, S-c-o-t-t S-m-a-t-h-e-r-s. I am executive director of the Nebraska Sportsmen's Foundation. I'm going to limit some of my testimony that I had originally scheduled due to redundancy issues. As when you're number 12 in line, has a tendency to be a little redundant. I would start with the conversation that has been asked by several senators of some of the opposition testifiers as to is our opposition to this LR51CA due to the Water Resources Fund or to the Innovative (sic) Campus. I will tell you straight up, for the 280,000 sportsmen that are registered in the state of Nebraska and our 755 members of the Nebraska Sportsmen's Foundation, it is more a strict objection to the fact that the NET is being attacked and the funds are looked at going other directions. We are not opposed to the Water Resources Fund. We understand the need to find alternatives, to all come together at the table to fund the Water Resources Fund. However, I will tell you that from our standpoint of our membership, we feel strongly that this will be the third ask of the people of what the directive of the lottery funds should be. In our opinion, it seems to become the golden proverbial egg for many groups and/or organizations to look for to fund their projects and/or directions. We object to that issue. If the people are asked to make a vote and decision again, we are confident of the fact that we will continue to receive money through the NET and the NET will continue to go. However, we do realize we have to find another mechanism to help fund the Water Resources Fund. As a sportsman and as our group, a good portion of our members are both farmers, ranchers, sportsmen, lawyers, dentists. We all use the resource; we all come from different walks of life. We are not going to stand on one side and say we don't need water in this state, so I wanted to clarify that before we got to the end, because I know those questions are coming. As we've heard many, many times for LB229, this particular piece of legislation, what the NET has accomplished, I'm not going to repeat those numbers. We all know what those are and we understand. Nebraska sportsmen do spend \$470 million annually in this state pursuing their passions. Six out of ten

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sportsmen in this state will cast their vote for the public officials who have conservation-minded thought process. We are a force. Nebraska sportsmen in this state will be heard. Senator Haar has alluded to it on several cases that it is rallying the conservation world and the outdoor groups. Yes, it is and I appreciate the fact that it has made my job quite easy over the last several weeks of making contacts that I've never made before. However, the bottom line is we do need to find additional resources for the water sources. We do need to find an avenue for all of us--ag, sports communities, the Game and Parks, conservation groups--to work together to find solutions. We recognize, at the Nebraska Sportsmen's Foundation, the difficult task that you as our representatives that we've sent to the statehouse are involved with trying to explore and find other avenues of funding in a difficult budget crisis time and in future budget crisis times. All we simply ask is that we seem to have a large number of bills against the NET: LB229, LR51CA. To me they almost seem as if you don't like one, here's the other one, that's what you're going to get. This bill needs to go away. I am not opposed to the university. I have a daughter that goes to the medical school. Hopefully, she'll be done soon so I can more income in my pocket. But with that said, I have nothing against the university nor does the Sportsmen's Foundation. However, they do have resources. Their five-person board members that comes from the private sector alone in three days could probably raise more money to cover the entire state budget not only the Campus Innovation. Thank you, I'll take any questions you have. [LR51CA]

SENATOR LANGEMEIER: Very good. Are there any questions for Scott? Seeing none, thank you very much. Well done. [LR51CA]

SCOTT SMATHERS: Thank you. [LR51CA]

SENATOR LANGEMEIER: Further testimony in opposition? Good afternoon. [LR51CA]

JERRY McDONALD: Good afternoon. My name is Jerry McDonald, J-e-r-r-y M-c-D-o-n-a-l-d. And, Senator Langemeier, thank you very much for allowing me to testify today, committee members. I really appreciate it. I'm here to testify before your committee on LR51CA. A few weeks ago I sat here and testified against LB229 and today I testify in opposition to LR51CA. I represent Pheasants Forever and Quail Forever of Nebraska, and I represent almost 11,000 members in the state of Nebraska. As you know, LR51CA would put a constitutional amendment on the November, 2012 ballot to change the state constitution to do away with the Trust by giving half their funds to the Water Resources Cash Fund and the other half to the University of Nebraska Board of Regents for the Nebraska campus through 2038, and then to the General Fund after that. As the people decided in the early 1990s, about half the funds would go to education and half the funds would go to the environment. The system is working, in my opinion, and there is really no reason to change it. By my math, education is granted close to \$15 million per year already. NET has established themselves as a great contributor of education and of the environment. If we target these funds solely for

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education, the environment will suffer. What will happen to the money if it is no longer available? We pride ourselves as Nebraska, the good life. Will it really be so good without funding for important environmental programs? NET delivers so many good programs to help fund the environment, with almost all money coming with matching funds. When you take away the \$14 million to the environment, you're really taking away \$28 million, at a minimum. I've kind of asked myself, you know, what will this do to the environment and are we willing to take that chance? The people have already spoken in the early 1990s and I don't believe that there's a need for them to speak again on this issue, in my opinion. The system is working fine. We need to honor the will of the people and I feel we have a contract with the people. By a vote of the people, the lottery was allowed into law on the basis of about half of the funds to education and half of the funds to the environment. I don't see why education feels that they might be more entitled or important than the environment. As I look to some of the people that were in favor of this, what will happen to education should the people decide that education deserves less more than they are receiving now? We're kind of opening it up for another vote. I think education is very important and I want education to be funded at the current level NET funds them now. There is no reason, in my opinion, for them to want the entire pie. There's enough pie to go around for them and for the environment. It concerns me that we have to draw a line in the sand and the winner takes all. No one really wins when you do that, well, not really. I want to thank you for allowing me to testify in opposition to LR51CA. I do not think this is a good bill and want you to know that I think the environment may suffer at the hands of this bill. I represent Pheasants Forever and Quail Forever Nebraska with 11,000 members and I strongly oppose what this bill will do to the environment. And I'd like to answer any of your questions, if I can. [LR51CA]

SENATOR LANGEMEIER: Very good job. Are there any questions for Mr. McDonald? Senator Carlson. [LR51CA]

SENATOR CARLSON: Thank you, Senator Langemeier. I'm glad you indicated, because you testified the other day and I had forgotten, it was Pheasants and Quail that you represent. One of...you're not the only one that's brought this up, but one of the things that I guess I don't quite see the parallel example, you say the people have spoken and once they've spoken don't ask them anymore. Well, why do we have elections every four years? [LR51CA]

JERRY McDONALD: Yes, sir. [LR51CA]

SENATOR CARLSON: I don't think that's...and I think the open way, you don't agree with this bill, that's...and that's good you come and oppose it, but this is an attempt to put something back and ask the people. Actually, the Legislature has the power to do whatever we want to do. Of course, we face another election too. That's why we have elections. So it's kind of a self-regulating process. But I just wanted to express that. Do

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you see what my concern is on your example there? [LR51CA]

JERRY McDONALD: Yes, sir, I do. [LR51CA]

SENATOR CARLSON: Okay. Thank you. [LR51CA]

SENATOR SCHILZ: Any other questions for Mr. McDonald? Thank you very much. [LR51CA]

JERRY McDONALD: Thank you. Thank you, committee, appreciate it. [LR51CA]

SENATOR SCHILZ: Any others in opposition to the constitutional amendment? [LR51CA]

LARRY HUTCHINSON: Yes, sir. [LR51CA]

SENATOR SCHILZ: Welcome, Larry. [LR51CA]

LARRY HUTCHINSON: (Exhibit 11) Thank you. My name is Larry Hutchinson, L-a-r-r-y H-u-t-c-h-i-n-s-o-n. I'm here on behalf of the Nebraska Chapter of the American Fisheries Society. You may recall we appeared here under a previous bill, LB229 I guess it was, last...a couple weeks. And our organization is a little smaller than most. We have a membership of roughly 100, give or take a few, of aquatics professionals in the state. Since 1997, as my statement will say, when the Aquatic Habitat Fund was created, many projects like Holmes Lake, Bowling Lake in Lincoln, Cunningham Lake in Omaha, and many others were...have undergone almost total rehabilitation to make water resources for fish life, to renew them. Success stories like these and those from Tekamah to Benkelman and about every point in between have received benefits from the Environmental Trust Fund through programs that we've been...that our respective agencies and entities have been involved in from time to time. We leverage, those funds are leveraged with federal funds that come to many of those agencies and with partnerships with the university and many other organizations. The CLEAR Program I think was mentioned earlier by Jim Douglas, has been focused on small community lakes of most communities that have lakes and ponds within their cities or nearby. They've (inaudible) developed aquatic habitat improvement for areas where they're within bicycle range of most kids in their communities that lead to good times for outdoor experiences. I think...I'm sure that, myself included, we were very supportive as an organization for the Environmental Trust Fund that was established, and we would really be opposed to just doing this all over again. Therefore, I guess we would ask that the committee vote to kill the proposal in committee and not advance it. That would be our position on this. [LR51CA]

SENATOR SCHILZ: Thank you, Larry. Any questions for Mr. Hutchinson? Senator

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Dubas. [LR51CA]

SENATOR DUBAS: Thank you, Senator Schilz. Thank you, Mr. Hutchinson. You state in your written testimony that you've leveraged the revenues that...your stamp sales with many other federal, state, and local funding sources. But you say that the NET was among the most prominent and important. What makes them the most prominent and important funding leverage source? [LR51CA]

LARRY HUTCHINSON: Many of the federal programs require matching funds from nonfederal sources, and this is a very important funding source for many of these communities and others to take advantage of rehabilitation projects on lakes. We use...the Game and Parks Commission, for example, uses federal aid money from sport fish and restoration funding that gets allocated to the state, but that requires matching funds. So these are leveraged in many ways, maybe EPA in some cases and other sources. [LR51CA]

SENATOR DUBAS: So if you lost the ability to use NET funds and you wanted to leverage a different additional federal EPA, those types of things, what other sources would you have to go to if you didn't have NET to leverage those additional dollars? [LR51CA]

LARRY HUTCHINSON: The...that would be up to the agencies that apply for projects. But many of them would be, oh, funds that might be federal funds from the EPA for water quality enhancement, from natural resources districts, and from university, in fact, have gotten involved in many of these projects and some of the things that are done are leveraged with some of the funding from the university, or USGS may have some cost-share on projects that they take on for...that are directed toward an NET grant where federal...or where local funds are also a part of it. [LR51CA]

SENATOR DUBAS: Would it be a correct assumption that the NET is where you tend to go to first for leveraging these kinds of dollars? Is that the fund you typically go to? [LR51CA]

LARRY HUTCHINSON: The various agencies, such as Game and Parks, who I retired from, look at federal aid projects from federal restoration grant money or allocations from the Fish and Wildlife Service, and also we look at the...a couple other programs that have federal funding involved. But we also have to use either grant or funding from sale of fishing and hunting licenses that might help fund some of these projects, and others would be to see whether there is a potential for NET grant applications. And so decisions are made whether to file for an application and prepare that to see if we can get the funding necessary to meet the local funding source. [LR51CA]

SENATOR DUBAS: Thank you. [LR51CA]

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SENATOR SCHILZ: Any other questions for Mr. Hutchinson? Seeing none, thank you very much for coming in. Other opponents to LR51CA? Welcome. [LR51CA]

ROB SCHUPBACH: Thank you. [LR51CA]

SENATOR SCHILZ: Good afternoon. [LR51CA]

ROB SCHUPBACH: (Exhibits 12, 13, and 14) Good afternoon. Members of the committee, my name is Rob Schupbach, R-o-b S-c-h-u-p-b-a-c-h. Over the years I've appeared before the Natural Resources Committee on behalf of Cornhusker Fly Fishers and Trout Unlimited regarding the issues that pertain to class A cold water streams. During that time, I became acquainted with the Environmental Trust and the good work that they're doing. I'm appearing today as a supporter of the Environmental Trust and speaking for myself. I'd like to go to my first handout which is dated February 1. Members of the Natural Resources Committee, LR51CA would put a vote to the people of a constitutional amendment that would eliminate future funding of the Nebraska Environmental Trust. The Nebraska Environmental Trust was established in 1991 by laws enacted by the Nebraska Legislature and LR24CA voted on by the people in 1992. The current percentage distributions were established in law in 2004, enacted by the Nebraska Legislature, and LR209CA voted on by the people in 2004. The current financial allocations have been voted on as a constitutional amendment, LR209CA, in 2004. That's just six years ago. The question I have is why is it necessary to burden the voters with a constitutional amendment question that we voted on twice and the most recent vote was just six years ago? What's changed? For 19 years the Environmental Trust has benefited all counties in Nebraska and I would like to ask you to let those benefits continue. I'd also like to move now to my handout dated February 2, 2001. Members of the committee, LR51CA will take half of the income from the Nebraska Environmental Trust and give it to the Water Resources Cash Fund. It's to be used for offsets in the Central Platte River above Columbus and other overappropriated watersheds in Nebraska. I feel that those problems are really local problems that were created by overuse by local people. The local NRDs have the responsibility to govern their water use and they should do so. It's not the responsibility of all the citizens in the state who live in NRD districts who are behaving responsibly to pay for NRDs who are not behaving responsibly. LR51CA will take half of the money to fund the University of Nebraska Innovation Park. This is income that's derived from gambling. I think that distinction is made between general tax money and gambling money in the Nebraska Constitution and that's a distinction that I'd like to emphasize very heavily to you right now. And I raise the question: Is it in the best interest of the reputation of the University of Nebraska to be known to get financial support directly from gambling? The University of Nebraska Foundation had its second biggest donation year last year. They had \$130 million donated to them. Would those donors who have been so generous donate that much if they knew the university got funding from gambling? I'd like to move to the

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second page. The second page is a photocopy of something of the Web site that the University of Nebraska Foundation says about themselves. In the middle of the page, they received \$50 million from the Robert Daugherty Charitable Foundation to be used to create water for food. They received \$20 million from the Paul and Virginia Engler Foundation for an agribusiness entrepreneurship program. They received \$30 million from Stanley Truhlsen, M.D., for an eye institute at UNMC, and the list goes on. The question that I have for you is would those foundations give money to the University of Nebraska if they knew the University of Nebraska was taking in gambling money? I think it's a very fair question. I move to the...my next statement. Susie Buffett recently announced a generous gift to the University of Nebraska for early childhood education. Would she have done so if she knew that the University of Nebraska got money from gambling? My second exhibit is a newspaper article from the January 31 World-Herald. There's her picture, there's a little bit about what she's doing with the university. More importantly, the next page is an article from May 3 of 2004 about Warren Buffett opposing casino gambling proposals in Nebraska. He called gambling tax a tax on ignorance. I think it's very important to realize that wealthy people give money to institutions that they approve of. If these people don't approve of the University of Nebraska taking in gambling money, which LR51CA would do, would Susie Buffett get the money from her dad to help out the university that she announced this week? I question it. We'll move on to... [LR51CA]

SENATOR LANGEMEIER: We're running out of time. I need you... [LR51CA]

ROB SCHUPBACH: Okay, I'll go as fast as I can. [LR51CA]

SENATOR LANGEMEIER: Well, I need you to summarize. [LR51CA]

ROB SCHUPBACH: Killing the Nebraska Environmental Trust is against the legislative intent. I have the statement of legislative intent from the year that it was enacted. I also have two other exhibits. The most important is the last page. It's an article from the Lincoln...or from the Omaha World-Herald talking about Governor Heineman cutting off state aid to local municipalities. If that goes through in the state budget, the Environmental Trust financial leveraging may have all that they can get. The last thing that I have for you is page 54 and I believe 56 of the Governor's budget. They talk about funding Innovation Park. The Governor is proposing to provide \$25 million for Innovation Park; \$10 million of it goes to renovate some buildings. But they also talk about, and I've underlined this sentence, "The state's commitment of \$15 million is expected to attract an additional \$30 million in philanthropic gifts." I think it's very important to raise the question, will the philanthropists give to the university if they're taking in gambling money? Not everyone approves of it. And so I ask you to kill this bill... [LR51CA]

SENATOR LANGEMEIER: Very good. [LR51CA]

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ROB SCHUPBACH: ...or kill this resolution. [LR51CA]

SENATOR LANGEMEIER: Very good. I want to just clarify one thing. [LR51CA]

ROB SCHUPBACH: Yes. [LR51CA]

SENATOR LANGEMEIER: When you said \$20,000 given by the Paul Engler Foundation. [LR51CA]

ROB SCHUPBACH: I'm sorry, it's \$20 mill... [LR51CA]

SENATOR LANGEMEIER: It was \$20 million. [LR51CA]

ROB SCHUPBACH: ...it's \$20 million. [LR51CA]

SENATOR LANGEMEIER: I think Paul would get a little excited if it was only \$20,000. [LR51CA]

ROB SCHUPBACH: I have...I beg your pardon. My trifocal prescription needs a little... [LR51CA]

SENATOR LANGEMEIER: Yep. [LR51CA]

ROB SCHUPBACH: I need an appointment with Dr. Stanley Pearle. I... [LR51CA]

SENATOR LANGEMEIER: We're learning a lot about optical issues today. (Laughter) But I just want to clarify that. [LR51CA]

ROB SCHUPBACH: Yes. Is there a question? [LR51CA]

SENATOR LANGEMEIER: Senator Christensen. [LR51CA]

SENATOR CHRISTENSEN: Thank you, Mr. Chairman. Thank you for coming today. I sat back and listened last testimony when you come in and used the same phrase, and you used it twice today. Those problems are really local problems that were created by the overuse of local people. I would like to have you go to the Bureau of Reclamation, get the G400 report, 1985. It says the largest decline, from the Bureau of Reclamation now, federal study,... [LR51CA]

ROB SCHUPBACH: Uh-huh. [LR51CA]

SENATOR CHRISTENSEN: ...largest decline to the flows in the rivers is due to conservation. And I want you to think, since 1985 what has happened. In 1985, all we

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had was dams and terraces. Since then we've come in with all the grass buffer programs, we've come in with all the...the vegetation has come in, we've come in no-till farming, we've come in with all these other conservation issues. To me, it ain't hard to see why streams are down. Even the federal government has recognized it. I've used that report a number of times. It's not always what people want to say, local pumping issues. There's some local pumping issues in my district and some others, but I want you to think about that statement when you're pinpointing, saying it's always a local issue when we lose something that we naturally want, because there's nobody that doesn't want flowing rivers because we need it, whether it's for livestock, fishing, recreation, whatever it is, irrigation. But it's not always just a local issue. I can pick on a couple of counties that got some local issues of declining tables and that affects the streams and that is something that needs looked at. But as a whole, it's been conservation that has pushed the additional problems that we have. And so I take a little offense. I'm not necessarily asking you a question but it's not really just all local problems created by local people, because government programs paid for the terracing, government programs paid for the flat channels or portions of, government programs. Even some of the things Environmental Trust has done putting in buffer strips and things this way, which is done for good reasons, cleaning up chemicals, cleaning up water, for whatever the reason, they're all good programs but they all take water out of the system or prevent it from running there. And I'll use a University of Nebraska study that talks about, depending upon the soil type, if it's black dirt farming, soils will take from 20 points to 70 points of moisture per hour. You make this no-till, leave trash on it, this is without terraces--this is just putting on the trash on the ground--it will increase it up to four inches per hour intake. And so you can think about how many rains we have above four inches an hour, not very many in this state. And so part of the river flows and part of the different things are great advancements in society because we've learned to manage the water on the ground, which stopped the runoff, dirtying the lakes and river, streams. And so I just challenge that statement a little bit. I gave you a couple places to look from Bureau of Reclamation G400 report to some of the percolation studies that the university has had, and I can't quote exact ones them are in, but think it's just something to think about with the statement. [LR51CA]

ROB SCHUPBACH: Uh-huh. I apologize if I struck a nerve. What I'm most familiar with is a blue book that I've gotten from the Bureau of Reclamation that talked about nitrates in groundwater. [LR51CA]

SENATOR CHRISTENSEN: Uh-huh. [LR51CA]

ROB SCHUPBACH: And some of the maps that they have in their book--I didn't bring it with me, in the interest of time--but some of the maps that they have point out that Nebraska is the most heavily irrigated state in the country. [LR51CA]

SENATOR CHRISTENSEN: It is. [LR51CA]

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ROB SCHUPBACH: And I can't help but wonder, and my experience comes from a user of water recreationally, I can't help but wonder if all of the irrigation is, number one, necessary and efficient. I think in some places if you don't put water on the crop you're not going to have a crop. Nebraska has some dry places. I think all the conservation methods that you're talking about controlling runoff have a benefit, but they also have a cost. [LR51CA]

SENATOR CHRISTENSEN: Right. [LR51CA]

ROB SCHUPBACH: And so we're trading the cost versus the benefit right now. But I also question when I look at some reports that I've seen of what NRDs have done to manage things, there are some NRDs that have had water monitoring and water conservation regulations for irrigation that go back into the '70s, and there's one of the NRDs in the Republican River Valley to this day doesn't have...is refusing to upgrade their integrated groundwater management plan. And I hope they have a good reason for it. I don't know. It's causing a lot of indigestion for the rest of us. [LR51CA]

SENATOR CHRISTENSEN: I understand all your comments, but at the same time I think hopefully there is a resolution to that IMP before long down there. But, you know, I just wanted stretch your thinking. [LR51CA]

ROB SCHUPBACH: Well, the other stretch I have is I remember up until last winter, when it snowed so much, there was probably eight or ten years that you could call a pretty nasty drought in western Nebraska and hopefully the snow that's causing some problems right now will break that weather cycle. [LR51CA]

SENATOR CHRISTENSEN: Hope we get a little west so we can break that. [LR51CA]

ROB SCHUPBACH: Yeah, there you go. That's right. Any other questions? [LR51CA]

SENATOR LANGEMEIER: Very good. Senator Carlson. [LR51CA]

SENATOR CARLSON: Yes, thank you, Senator Langemeier. I'm going to piggyback on Senator Christensen here because this statement that those problems are really local problems that were created by overuse by local people, already in your response to Senator Christensen you backed off a little bit and then you mentioned the drought for the last several years and that makes a difference. But you bring in an NRD that hasn't signed its integrated management plan yet, as though that's an indictment on them because they simply don't go along with what somebody is trying to dictate what they ought to do. NRDs represent the people in their district... [LR51CA]

ROB SCHUPBACH: I'm familiar. [LR51CA]

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SENATOR CARLSON: ...and they're conservation minded. And Senator Christensen mentioned a couple of counties that the groundwater is depleting and that needs to be addressed. That's fully admissible. In the Lower Republican, that's not the case on groundwater levels, but there are other issues that are economic in nature that are so serious that they want to make sure that they've got things right before they sign an integrated management plan that might put their entire NRD in economic distress. And so I don't know what your basis is for jumping in and jumping on the Lower NRD for not signing that IMP unless you've been to some of their board meetings and talked to their people and really understand what their struggle is right now. Do you understand their struggle? [LR51CA]

ROB SCHUPBACH: Yeah, I understand. My many...the questions that I have is I have for a long time questioned whether Nebraska has had a firm policy on conjunctive water use. The issue in the last five years has boiled over and gotten quite hot. And I also understand when you go down to the Kansas-Nebraska border, if you go across the border the people in Kansas have much, much different land than the people in Nebraska have. Many years ago my father had a recreation home on Tuttle Creek Lake south of Manhattan and when we'd go from Lincoln down there, you could, you know, the topography is different and so they have different problems. And I think it would be beneficial for Nebraska to have a stronger water policy where possible. It's very difficult for me to sit in Lincoln and understand what somebody in the Sandhills has to live with, and I certainly agree with that and agree with your point. But I think the local people should deal with what they've got to do in a much more aggressive way. [LR51CA]

SENATOR CARLSON: What's your basis for slamming the Lower Republican for not signing their IMP? [LR51CA]

ROB SCHUPBACH: I'm not slamming it. I'm just saying for some reason or other they're slow to do it. [LR51CA]

SENATOR CARLSON: Well, I think they've got pretty good reasons and... [LR51CA]

ROB SCHUPBACH: They may have. [LR51CA]

SENATOR CARLSON: ...it's not an easy answer. [LR51CA]

ROB SCHUPBACH: No, I never said it was. [LR51CA]

SENATOR CARLSON: So I bristle when I think that somebody is jumping on top of the people that I represent without having all the facts. Having said that, you know, you touched a sore spot. [LR51CA]

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ROB SCHUPBACH: I apologize but... [LR51CA]

SENATOR CARLSON: So I'm not going to back off, but I still appreciate your boldness in coming to testify and you have every right to have your opinion. But there are additional facts that I don't think you have that would be important on making some statements like this that it's the problem of the local people and, therefore, let them take care of their own problems and that kind of attitude that spreads to other people in Nebraska who don't understand and don't know what's going on makes it very difficult to come together to have a solution that's best for everybody. And we need to work together on this and it's okay to criticize, but we do have to come up with a solution that is going to be longstanding, sustainable in the state, and we don't get there by throwing spears. [LR51CA]

ROB SCHUPBACH: Okay. I think the longstanding solution would simply be to broaden Nebraska's tax base. Would we be having this discussion at all if you...if the state was...if the Legislature was looking at raising sales tax a quarter or a half a point to cover these financial problems? [LR51CA]

SENATOR CARLSON: Well, that might be the case. [LR51CA]

ROB SCHUPBACH: I know that's not the privy of this hearing. [LR51CA]

SENATOR CARLSON: No, it's not, but I don't think anybody in this body is in a frame of mind to want to raise taxes. And I thought maybe you were going...our best way of expanding the tax base would be to have more people move to Nebraska and have more people move to rural Nebraska. That's where we in rural Nebraska are at fault. We haven't told our story well enough to get people to move out there, which is the best place in Nebraska to live. We don't have wheel taxes and all that stuff that people are arguing about. I hope the wheel tax went to \$500. Then people would move to rural Nebraska where the living is good. (Laughter) [LR51CA]

ROB SCHUPBACH: I've got four cars and a truck. I know what you're talking about. [LR51CA]

SENATOR CARLSON: Okay. Thank you. [LR51CA]

ROB SCHUPBACH: Thank you. Any other questions? [LR51CA]

SENATOR LANGEMEIER: Thank you very much. [LR51CA]

ROB SCHUPBACH: Thank you. [LR51CA]

SENATOR LANGEMEIER: Appreciate your testimony. Might be sparking a whole new

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war there. Just out of curiosity, how many more testifiers of any type do we have? Oh, a few more. Welcome and good afternoon. [LR51CA]

PETE WEGMAN: (Exhibit 15) Good afternoon, Mr. Chairman, members of the committee. My name is Pete Wegman, P-e-t-e W-e-g-m-a-n. I'm a resident of rural Seward County and I speak in opposition to LR51CA. I appear here as a trustee of the Nebraska Chapter of The Nature Conservancy, the leading conservation organization in the world. The Nature Conservancy is a science-based conservation organization whose mission is to preserve the plants, animals, and natural communities that represent the diversity of life on earth by protecting the lands and waters they need to survive. The Nebraska Chapter of The Conservancy owns and manages almost 71,000 acres of land here in Nebraska. We strive to be good neighbors. The Nebraska Chapter paid a little over \$305,000 in property taxes last year. We have more than 4,000 members in Nebraska and operate through 26 trustees from across the state. We have 22 full-time employees located in six offices in Nebraska. The Nature Conservancy began working in Nebraska in 1971. The Nebraska Chapter was founded in 1988. The Nature Conservancy was instrumental in the establishment of the Nebraska Environmental Trust Fund in the 1990s. The Nebraska Chapter has received 15 grants, totalling more than \$6 million in the Trust Fund since its inception, to support our science-based activities and research in Nebraska. It is important to The Conservancy's mission that the Nebraska Chapter have the continuing opportunity to present grant proposals to the Trust. The majority of the Nebraska Chapter's funding comes from within Nebraska and not from the global Nature Conservancy organization. And we have about a \$2.5 million annual operating budget here in Nebraska. I also speak in opposition to the resolution as a Nebraska sportsman. I have canoed the Niobrara, Elkhorn, and Platte Rivers. I have hiked the Pine Ridge and the Wildcat Hills. I have hunted pheasant in Chase and Keith Counties and turkeys along the Republican River. I have hunted waterfowl on the North Platte, South Platte, Cedar, Platte, and Calamus Rivers, and in Sandhills marshes. I have fished the Elwood Reservoir and the Fremont Lakes. I have swam in Lake McConaughy and the Missouri River. Nebraska is blessed with a unique geographical diversity and Nebraskans have always been good stewards of the land. The establishment of the Trust by Nebraska citizens represents and reflects that strong sense of stewardship. The Trust is working. There is much competition for the grants and the trustees have done an excellent job administering and implementing the intent of Nebraska citizens in establishing this Trust. I also speak in opposition as a Nebraska citizen who voted in favor of the constitutional amendment establishing the lottery and the Trust funding. I expected then and now that my government would honor the vote of the majority and create and maintain this trust. I understand that Senator Heidemann has talked about a need to reaffirm. I don't think there's a need to reaffirm. We've already done it twice. If there's a need for more funding for the Water Resources Cash Fund, please respect the wish of the citizens and instead find other funding sources. Finally, I speak in opposition, as a graduate of the University of Nebraska, to the proposed diversion of Trust funds to the Innovation Campus. My wife and I have

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earned four degrees through the university between us. We are proud of the University of Nebraska. We firmly believe in the mission and the current leadership of the university. The Nature Conservancy looks forward to working with the university's Water Center on a myriad of water issues in the future. However, the Trust funds, for all the previously stated reasons, should not be diverted for the Innovation Campus. I personally support that campus. But again, I hope this committee recognizes the voters' wishes at least twice in the past and derails this attempt to divert the Trust funds to other than the citizens' intended purposes. The Nature Conservancy acknowledge the difficult economic times that we're in at present and we appreciate the diligent work of all of you, not only in this but your other committees, in dealing with those challenge economic issues. Please do not advance this resolution. We have a government program that's working. It's working very well. It's probably full appropriated every year in its funding request. And while these other needs are certainly valid, they just need to have a different funding source. Thank you. [LR51CA]

SENATOR LANGEMEIER: Well done. Very good. Are there any questions? Seeing none, thank you very much. [LR51CA]

PETE WEGMAN: Thank you. [LR51CA]

SENATOR LANGEMEIER: (Exhibits 16, 17, and 18) Well done. Further testimony in opposition? Seeing no other testifiers in opposition, I do have a letter from Marty Grate with the city of Omaha, Duane Hovorka with the Nebraska Wildlife Foundation, and Bruce Kennedy from Malcolm. Those are letters in opposition. Now we move on to neutral testimony, those to testify in neutral capacity. Come on up. Mr. Withem, Senator Withem, welcome back. [LR51CA]

RON WITHEM: (Exhibit 19) We're going to double-team you with a couple of old-timers here, former members. Senator Langemeier, members of the Natural Resources Committee, I am Ron Withem, that's R-o-n W-i-t-h-e-m, representing the University of Nebraska, wanting to visit with you specifically about the provision dealing with Innovation Campus. Would like to thank Senator Heidemann very much for bringing the issue forward to give us a chance to give an interim report and be somewhat apologetic to the senator because we debated back and forth whether we should appear in proponent testimony or in neutral testimony. And the end we decided that we could not support funding this program by taking the funds from another state agency. If in the end it is the decision of this body, as you well have the right to do, to free up those funds by passing this resolution, we think the Innovation Campus is a good place to send those funds. Over the past year, a great deal of planning has taken place, and I'm sorry, I forgot to share my testimony with you here. Over the past year, a great deal of planning has taken place with regard to the development of Innovation Campus. A master plan and a strategic plan have been completed and presented to the Board of Regents and have been filed with the Legislature, and the board has appointed a board

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of directors for the Innovation Campus Development Corporation, including both university and private sector representatives. In addition, work is proceeding on schedule for the removal of buildings and development of infrastructure. We are ready to begin the build out of two key facilities--the existing 4-H Building and a new facility dedicated to research and development in the areas that we have identified as the focus for Innovation Campus: food, fuel, and water. The 4-H Building will be the heart of Innovation Campus, and state funds matched with private funds will be used specifically to build capacity to attract new businesses to the state, with conference facilities and other public use areas that will support business development activity. The other facility, also a combination of state and private funds, will house such research initiatives as the Water for Food Institute, which has the potential to become a global center for education and research relating to growing more food with less water; a center for research into alternative energy sources, such as wind, biofuels, and algae; and additional agricultural resource aimed at increasing the productivity and profitability of Nebraska agricultural enterprises. University of Nebraska is experiencing unparalleled success in research, and the move to the Big Ten will open up even more opportunities. A decade ago, external funding for research at the university was just \$91 million. Last year it was almost triple that, more than \$263 million. That is important both for the new knowledge that research creates, but for the jobs it supports. Every \$1 million in research funding supports about 28 Nebraska jobs, so last year some 7,000 jobs were supported by externally funded research, university research. That is what Innovation Campus is all about--leveraging the strengths of the university to foster innovation, expand research, and attract and create new jobs in the state. Consultants who worked with the university on the development of the master plan and business plan projects that, when fully developed, Innovation Campus could create more than 5,500 new jobs and grow the state's annual payroll by \$267 million. Innovation Campus will benefit every Nebraskan. It will provide opportunities for students, support Nebraska business growth and development, and foster innovation to create new jobs for Nebraska. The state's active participation in and support of the development of Innovation Campus will help ensure steady growth and progress as the project moves forward over the next decade. With that, that's the end of my testimony. We also have Bill Nunez who works in Chancellor Perlman's office and has been more hands on with this project than I have been, here. Here's going to share a little information with you and he also will respond to any questions. So thank you, Senator, for listening to my testimony. [LR51CA]

SENATOR LANGEMEIER: Very good. Are there any questions for Senator Withem? Seeing none, thank you very much. [LR51CA]

RON WITHEM: Thank you. [LR51CA]

SENATOR LANGEMEIER: Thank you for your testimony. Good afternoon. [LR51CA]

BILL NUNEZ: (Exhibit 20) Good afternoon. Bill Nunez, N-u-n-e-z. Mr. Chairman and

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members of the committee, I am Bill Nunez and I serve the University of Nebraska-Lincoln as associate to the chancellor and director for institutional research and campus planning. I've worked closely with consultants preparing the master plan and business strategy for the Nebraska Innovation Campus in the recent past and it's really my pleasure to be before you today. The main goal of Nebraska Innovation Campus is to leverage university research to generate economic growth for Nebraska research and the success is, of course, evident as my good colleague Mr. Withem reviewed. Research progress success is evident and our research directory ranks among the top of other universities nationally. Further, university research is already connected to the private sector in very measurable ways. For example, Bayer Science, a major German company, has recently announced it will provide significant funding to UNL for access to its wheat germplasm and will construct its North American wheat-breeding facility in Nebraska in order to collaborate with UNL scientists. This is one excellent example of the kinds of public-private partnerships envisioned in the Innovation Campus. Also, as my colleague Mr. Withem just summarized, we have made significant progress toward the Nebraska Innovation Campus and are now well-poised to begin infrastructure design and phase one development. You do have a map before you, by the way, that shows phase one. Phase one of the Innovation Campus is a critical first step in the development and will include approximately 50 acres of the site. Projects could include renovation of the 4-H Building, construction of a life sciences research building, a building for the agricultural research service, and development for other private sector tenants. While like any project of this magnitude, initial and ongoing capital investment will be critical to ensure ongoing and sustained progress. To provide a bit of context, the master plan for the 232-acre campus promotes best practices for development, governance, and environmental sustainability, drawing from national examples and lessons, and envisions about 1.8 million gross square feet of total space. These spaces will include private company research, university research, incubator labs, common facilities, and convenience retail. However, the site itself does pose significant challenges. What most don't realize is that as currently configured, of the 232 acres available, less than 50 are considered upland or buildable land out of the floodplain. The analysis provided by our planners reveal that even with site grading the maximum amount of buildable land achievable is approximately 100 acres. So we not only need to maximize the use and impact of that 100 acres of buildable land, we also need to carefully consider how to capitalize the remaining 132 acres. The master plan proposes that approximately two-thirds of the 1.8 million gross square feet would be for private sector companies and the remaining one-third for university purposes. Funds such as those identified in LR51CA could be used to support university space development or common spaces needed to create a sense of place and campus vibrancy. Additionally, funds could be used to invest strategically in the 132 unbuildable acres to use for agricultural and environmental research, to test sustainable land practices, and to create outdoor learning spaces. As discussions during planning evolved for this unbuildable area, numerous ideas surfaced related to academic uses with our Institute for Agricultural and Natural Resources. These could include potential

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projects in the areas of agronomy, environmental restoration, science and studies, horticulture, turf grass and landscape management. Further, portions of this area could be used for other purposes, serving as a draw to public sector companies and their employees. However, these worthwhile ideas will require investment in the future as private sector companies will initially focus on new infrastructure and building construction. Since the beginning of this project, our university leaders have been expectant that a large share of the cost of Nebraska Innovation Campus would be covered by private sector companies wanting to locate on the campus. What we've also always realized is there would be costs to operating this campus above and beyond those covered by private sector companies, both physical and environmental, and ultimately these costs to create a unique and vibrant campus, enticing to these companies, would need to be covered by the university. Funds identified in LR51CA would provide the university resources to fund these projects. I appreciate the opportunity to provide testimony today and I thank you for your time and hard work on this issue. I'll take any questions, as well as my colleague Mr. Withem. [LR51CA]

SENATOR LANGEMEIER: Very good. Are there any questions? Seeing none, thank you very much. [LR51CA]

BILL NUNEZ: Thank you, all. [LR51CA]

SENATOR LANGEMEIER: Well done. Thanks for the update. Further testimony in a neutral capacity? Mr. Bishop, welcome back. [LR51CA]

RON BISHOP: (Exhibit 21) Senator, members of the committee, my name is Ron Bishop, and I am general manager of the Central Platte Natural Resources District. I'm testifying in a neutral position today on LR51CA on behalf of the Nebraska Association of Resources Districts. We're testifying today because we want the committee to be reminded again and again of the tremendous needs we have for state funding to assist the NRDs in addressing the water resources problems we currently are facing across the state, and that's one of the issues in LR51CA. I want to stop for a minute and apologize for my dress today. When I left Grand Island, I wasn't sure whether I was going to be walking out of a snowdrift alongside the road to make it down here, so I didn't put on my suit and my dress shoes because they don't lend themselves well to walking out of snowdrifts. I'll do better tomorrow though. (Laughter) Beyond that, I think you're all aware of the tremendous water problems and if I were to continue I would say the same things that I said a couple of weeks ago when we testified for LB229. So I'm going to stop with the handout that you've got; you know what our position is, and ask if there's any questions and maybe make your day just a little bit shorter. [LR51CA]

SENATOR LANGEMEIER: Very good. And for the record, dress code doesn't affect your testimony, so we just appreciate that everybody makes it. Are there any questions? Seeing none, thank you very much. [LR51CA]

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RON BISHOP: Thank you very much. [LR51CA]

SENATOR LANGEMEIER: If we didn't have to wear ties, we wouldn't either. (Laughter)  
Senator Wehrbein, welcome back to the Capitol. [LR51CA]

ROGER WEHRBEIN: Good afternoon. How are you, Senator Langemeier? [LR51CA]

SENATOR LANGEMEIER: Very good. [LR51CA]

ROGER WEHRBEIN: Members of the committee, my name is Roger Wehrbein, president of Ag Builders of Nebraska. We are a group that strongly supports specifically Institute of Agriculture and Natural Resources and also the University of Nebraska-Lincoln. Senator Heidemann called me originally, asking for support for this bill, and since we're not a policy organization, specifically, but we do support the university and, specifically, once again, the IANR, so I'm here to testify in the neutral position. Our group has historically been very supportive of IANR and the University of Nebraska. We are especially interested in supporting Innovation Campus and all the research activity it brings to the University of Nebraska. It will have great benefits statewide and, over time, will be especially important to agriculture. I want you to know that I am being supportive of Innovation Campus and not necessarily for taking the money from the Environmental Trust Fund. That fund has done some very good things for the environment in Nebraska and to do away with it is not our wish or intent. We simply want to express our support for Innovation Campus and the exciting future it will provide for all Nebraskans. [LR51CA]

SENATOR LANGEMEIER: Very good. Are there any questions for Senator Wehrbein?  
Senator Carlson. [LR51CA]

SENATOR CARLSON: Thank you, Senator Langemeier. Senator Wehrbein, thank you for being here. I appreciate your last statement. What would be your suggestions as how we could fund the Water Resources Cash Fund? [LR51CA]

ROGER WEHRBEIN: I was afraid you were going to go there. (Laughter) Well, I have some ideas and I don't...I hesitate to get into this very far because I don't want to get Ag Builders into a political position. That's a political issue. But I'll figuratively take off my hat and put on my personal hat, if I may. [LR51CA]

SENATOR LANGEMEIER: So noted. [LR51CA]

ROGER WEHRBEIN: Okay. Thank you. I would tap the personal...the Property Tax Credit Fund, the \$222 million or something like that. It's my personal opinion that that's not widely appreciated across the state, if you'd ask the average person. I was

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interested in Brenda Council, Senator Council's research that she had explained this week. There's another issue on this. It's one-time money, as I understand it. You know, converting this for 20 years at \$7 million is \$140 million. The way I read some of it, especially in the Governor's conference, Governor's presentation, he considered it one-time money, this \$25 million. Now I'm not all on the inside of all these issues, so don't misunderstand. I'm just going mostly what I read publicly. But if you wanted to kick-start it, there's some ways I think you could do it and not tap something in the constitution. [LR51CA]

SENATOR CARLSON: Thank you. [LR51CA]

SENATOR LANGEMEIER: Other questions? Seeing none,... [LR51CA]

ROGER WEHRBEIN: I'll put my hat back on. So I want to be very clear, I testified personally on that. [LR51CA]

SENATOR LANGEMEIER: Thank you very...seeing no other questions, thank you very much for both of your testimonies. Appreciate it. Further testimony in a neutral capacity? (Exhibit 22) I was given one other...seeing no other testifiers, I was given one other letter in testimony in opposition to LR51CA from the Lower Platte South Natural Resources District. (See also Exhibit 23 and Exhibit 24.) So seeing no...Senator Heidemann, I don't see him back, so we will conclude the hearing for LR51CA. And we appreciate everyone that came to participate, no matter what your dress code was. Thank you very, very much. Everybody drive home very safely. [LR51CA]