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Revenue Committee
January 31, 2014

[LB809 LB894]

The Committee on Revenue met at 1:30 p.m. on Friday, January 31, 2014, in Room 1524 of the State Capitol, Lincoln, Nebraska, for the purpose of conducting a public hearing on LB809 and LB894. Senators present: Paul Schumacher, Vice Chairperson; Tom Hansen; Burke Harr; Charlie Janssen; Pete Pirsch; and Kate Sullivan. Senators absent: Galen Hadley, Chairperson; and Beau McCoy.

SENATOR SCHUMACHER: This will commence today's hearings of the Revenue Committee. My name is Paul Schumacher. I am from Columbus, Nebraska, District 22. Senator Burke Harr is at the extreme right of the table. Senator Tom Hansen from North Platte. Burke Harr is from Omaha. Our committee counsel is Mary Jane Egr Edson to my right. Senator Pete Pirsch from Omaha is on my immediate left. Senator Kate Sullivan from Cedar Rapids is next to him. Our committee clerk today is...oh, okay. Sally Schultz, yeah. And our...and Drew Schendt, I did that right today, from Broken Bow, will be our page. Please turn off your cell phones and put it on vibrate while in the hearing room. The sign-in sheets for testifiers are on the tables by both doors and need to be completed by everyone wishing to testify. If you are testifying on more than one bill you will need to submit a form for each bill. Please print and complete the form prior to your testimony. When you come up to testify, hand your testifier's sheet to the committee clerk. There are also clipboards in the back of the room to sign if you do not wish to testify but would like to indicate your support or opposition to a bill. These sheets will be included in the official record. We will follow the agenda posted on the door. The introducer or representative will present the bill, followed by the proponents, opponents, and neutral. Only the introducer will have the opportunity for any closing remarks. As you begin your testimony, state your name, spell it for the record. If you have handouts, please bring ten copies for the committee and staff. If you only have the original, we will make copies. Give the handouts to the page to circulate to the committee. The technical staff requests that everyone try to speak into the microphone clearly; and if you adjust the microphone, don't break it. Senator Charles Janssen from Fremont has joined us now and we are ready to open the hearing on LB809, Senator Coash.

SENATOR COASH: (Exhibit 1) Thank you, Senator Schumacher. Good afternoon, members of the Revenue Committee. For the record, I am Colby Coash, C-o-a-s-h, and I represent District 27 right here in Lincoln. I'm going to introduce LB809 today. This is a bill to exempt purchases by historic automobile museums from sales and use taxes. In the past, historic automobile museums were not required to pay a sales and use tax for vehicles and items showcased in the museum because of their classification as an art museum. Recently, the Nebraska Department of Revenue determined that cars and engines do not qualify as fine art, so these historic automobile museums are required to pay sales and use tax on their purchases. LB809 continues to allow historic automobiles with at least 200 vehicles and open to the public on average four hours per week, not to pay a sales and use tax on items purchased for display in a museum. The bill was

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crafted so that true auto museums would hold the exemption and not a collector with 20 cars in his garage. I'm aware of three historic automobile museums with over 200 vehicles. There is the Classic Car Collection in Kearney; Pioneer Village in Minden; and the Museum of American Speed right here in Lincoln in my district. Several members of the Revenue Committee recently had the opportunity to tour Speedway Motors Museum of American Speed, and as a side note for anyone that has not, I do recommend visiting. This museum attracted over 12,000 people a year, plus it is a great attraction for auto clubs that draw hundreds of people. Admission is charged for the ticket purchases, and sales tax is collected on that admission. Another thing to consider is that organizations in states that pay sales tax on vehicles are at a disadvantage at auctions because when they take the sales into consideration on their bid, it significantly weakens the bidding power for an item. For example, when you have a \$50,000 budget and take a 7 percent tax into consideration, that leaves approximately \$3,500 less with which to bid. You also see that I've passed out an amendment. This amendment addresses the fiscal note where the fiscal note states that private individuals who buy cars to loan for display at the museums are eligible for the tax break. This was not my intent of this bill for individuals to receive a tax incentive for loaning their vehicle to a museum. The amendment that I'm passing out closes that loophole. These museums preserve the history of automobile industry and are a tourist attraction for thousands of people, many of whom do not live in our state. After my opening you're going to hear from several people, including our Mayor Chris Beutler that will speak to the importance of keeping automobile museum purchases tax free. Thank you for your time. [LB809]

SENATOR SCHUMACHER: Any questions for Senator Coash? Senator Hansen.
[LB809]

SENATOR HANSEN: Who determines that the museum has 200 cars that doesn't belong to anyone else? If...the one at Kearney, that's the last one I visited, they might not quite meet that threshold, because there's some people that have their cars presented there as part of the museum. Who determines the threshold of who owns the cars? [LB809]

SENATOR COASH: Well, I believe...you know, under this bill the Department of Revenue is going to ask for some documentation in order to exempt those purchases. And so that's going to be one of the entities to look at that. There's also... [LB809]

SENATOR HANSEN: I don't know... [LB809]

SENATOR COASH: You also have to apply to become a museum. And so under this bill you have to be able to prove to get... [LB809]

SENATOR HANSEN: You have at least 200... [LB809]

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SENATOR COASH: It's not like you get a museum license but you do have to be certified as a museum. [LB809]

SENATOR HANSEN: I agree with you in your assertion that fine automobiles are equal to a lot of fine art that I've seen, so. [LB809]

SENATOR COASH: Well, that's right. And, you know, there was...I didn't want to go down the path in this bill of trying to define what fine art was. [LB809]

SENATOR HANSEN: Yeah, that's true. [LB809]

SENATOR COASH: It's much easier to define what a museum is and to say that an automobile museum is a museum, rather than trying to say a classic car or an engine is fine art. So that's how we got... [LB809]

SENATOR HANSEN: These vehicles aren't intended to ever be driven on the street, actually, are they? [LB809]

SENATOR COASH: No, they are on display. [LB809]

SENATOR HANSEN: And usually, if you pay sales tax on a car, you're going to drive it on the streets and they need to repair the streets, so I think it's a good bill. Thank you. I haven't made up my mind yet, though, Colby...sorry, Senator. [LB809]

SENATOR SCHUMACHER: Any other questions? I just got a couple. Assuming they buy a piece of fine art at a sale and find it under a tree and bring it in and have to put repairs and parts into it, are those parts, repairs, taxed; do you know? [LB809]

SENATOR COASH: I believe they would be. This bill addresses only the purchase of the automobile. [LB809]

SENATOR SCHUMACHER: Okay. And the second, those cars aren't licensed, are they? No current plates or anything like that? [LB809]

SENATOR COASH: No, no. There certainly is a title which shows ownership but there wouldn't...there would not be a license because they're not driven. [LB809]

SENATOR SCHUMACHER: Okay. Any other questions? Seeing none, will you be staying for closing? [LB809]

SENATOR COASH: It kind of depends. I'm wanted in HHS as well, so I'm going to stay as long as I can; but if I'm not here when we're done, that means I waive. [LB809]

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SENATOR SCHUMACHER: Thank you, Senator Coash. Proponents on LB809. Welcome, Mayor. [LB809]

CHRIS BEUTLER: Senator, good morning...or good afternoon, I should say. Members of the committee, good afternoon. I'm very pleased to be here today to speak in support of the bill. My name is Chris Beutler, mayor of Lincoln. I almost feel a little bit guilty about it in the sense that I know you all... [LB809]

SENATOR SCHUMACHER: Could you spell Beutler just for the... [LB809]

CHRIS BEUTLER: Pardon me? [LB809]

SENATOR SCHUMACHER: Could you spell Beutler just for the record? [LB809]

CHRIS BEUTLER: It's the same as on your green sheet. Okay. [LB809]

MARY JANE EGR EDSON: For the recording. [LB809]

CHRIS BEUTLER: B-e-u-t-l-e-r. Okay. But I know you have huge matters that are going to be dumped in your lap fairly quickly here with regard to the tax system and all of its largest pieces; and, of course, that's the most important thing for all of us. But for the mayor of the city of Lincoln, this very fine automobile museum, a world-class automobile museum that we have here in Lincoln, is a very, very iconic and important component of our city, and it is important for a number of reasons. First of all, it attracts thousands of visitors and donors from all 50 states and from a large number of foreign countries. The museum itself recently topped the Trip Advisor charts as the number one tourist attraction in Lincoln, the number one tourist attraction in a city that does have a number of interesting and high-quality venues. The ranking does not surprise us. The Speedway Museum has worked hand in glove with the State Tourism Commission and our visitors and promotion center who I believe you'll be hearing from here today, as well as from Mike Tavlin who represents the owners of the museum. And altogether these folks have brought to Lincoln a large number of national and regional events that benefit the entire state of Nebraska, including the Big Car Racing Hall of Fame Induction Ceremony, the Model T Club of America Speedster Hall of Fame Induction Ceremony and Reunion, the International Motor Contest Association National Award Ceremony, the National Hot Rod Reunion, the National Association of Automobile Museums Annual Convention. To people...for people who loves cars and the history of cars and racing, and regular automobiles, for that matter, this is truly a Mecca. They come from across the country, as I mentioned, for these events. They stay in our hotels, they eat in our restaurants, they stick around and shop in those stores. So it's a very, very good thing for the local economy; and, of course, the state sales tax increases are no small part of that. It's important to note I think that it's not just about out-of-state visitors. For us in the city we work closely with our Chamber of Commerce and with our state economic development

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arm to attract new businesses to the community and to make sure that those businesses that are in Lincoln want to stay and want to grow. The competition, as you know, with other states is intense. And we're finding that everything we can bring to the table, absolutely everything including, these days, most specifically, amenities like museums and other entertainment options, they make a difference with respect to where employers want to locate their people and where the employees themselves are content to be located. I did want to note that you would not be setting a precedent here today, I don't think. The Joslyn Art Museum, like Speedway Museum, are two types, very closely related types of organizations that get to gather very valuable historical material. Both of them are very important to their respective communities and to the areas of endeavor that they seek to advance. And Joslyn is afforded a sales and use tax exemption for their purchases of fine art. And, in turn, they are able to make the most of their donated dollars in purchasing art. Speedway Museum, however, at this point in time, has not yet been afforded a similar type of exemption for the valuable historical pieces that they are purchasing and displaying. So they are similar types of organizations. And finally, I would hope the committee would take into consideration the fact that there are, in a number of other states, there is an exemption, a sales tax exemption for automobile museums. And obviously, nobody in the community of Lincoln and I hope nobody in the state of Nebraska would want us to not be able to compete with respect to Speedway, the Speedway Museum, and to have available to us every competitive tool to help build this already world-class institution into something even more and to keep it competitive as time goes by in this particular area of endeavor. So I'm very glad to be here today, and to the extent that I can answer your questions I would be glad to try. [LB809]

SENATOR SCHUMACHER: Senator Harr. [LB809]

SENATOR HARR: Thank you. And thank you for coming here, Mayor Beutler. First of all, I want to say I'm in support of LB809. But as long as we have you here, I have a question and it has to do with making policy. You've been with...obviously, served a long time in the Legislature and now you're sitting on the other side. What should we... [LB809]

CHRIS BEUTLER: It's very humbling, by the way. [LB809]

SENATOR HARR: It pays a little better though. When making policy to incentivize businesses, and in this case a nonprofit, but new businesses and jobs, what do you think we should be looking for in a bill? [LB809]

CHRIS BEUTLER: Well, that's a pretty broad question. Obviously,... [LB809]

SENATOR HARR: It's more a philosophical question, exactly. [LB809]

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CHRIS BEUTLER: Well, I think what you have to look at, first and foremost, is what is the competitive environment within the particular class of business or the particular endeavor or area of competition. I might just note for you that many years ago when I was...the first, one of the first years when I was sitting in the place where you sit, I was an adamant opponent of TIF financing and actually opposed a TIF project in my own city, the Cornhusker Hotel. But over the years, and especially as I've sat in the mayor's chair, you come to recognize that a state of competition exists that's allowed by the federal government or allowed by our constitution or allowed by one mechanism or another, and you have to acknowledge what that competition is and how it affects what you have and how it affects what you want to do, and make choices and position yourself in that competitive environment. I think that you should pay some attention in that process to what your natural advantages are. Certainly agriculture and ag-related industries in this state fit well. Those are some of the things that I think about or I think a policymaker should think about, and maybe...and there are probably several more if I thought about it a little bit more. [LB809]

SENATOR HARR: And do you, in Lincoln, use TIF much for, since you brought it up, do you use it much for retail? [LB809]

CHRIS BEUTLER: It's not our primary use of TIF. First of all, obviously, we have limitations as to where we can use TIF by the definitions in the constitution and all. [LB809]

SENATOR HARR: Um-hum, blighted and...yeah. [LB809]

CHRIS BEUTLER: But within those definitions, our first and foremost use of TIF and preferred use of TIF is for what we call primary jobs; that is jobs that are created that could be someplace else but they're brought to exist in Lincoln and they bring money in from outside of Lincoln. They do most of their business in other places in the country, so it brings wealth into the city. We call them primary jobs. In new areas of town where there is retail building up, we don't use TIF for two reasons. First of all, a lot of it is not blighted or in an appropriate condition for the use of TIF. But secondly, retail, except to the extent that it's regional in nature, follows naturally from primary jobs. It doesn't need to be incentivized, by and large. But then there's the component of retail that has to do with regional competition. And in the case of Omaha, you probably compete with Iowa, you're so close, to a certain extent. [LB809]

SENATOR HARR: The what? [LB809]

CHRIS BEUTLER: I say, in the case of Omaha... [LB809]

SENATOR HARR: Oh. [LB809]

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CHRIS BEUTLER: ...you're so close to Iowa, you probably compete with them to some extent on the retail level. So you may have a different view of the use of TIF for retail. Does that answer your question? [LB809]

SENATOR HARR: Yeah, I think so. Yeah. Thank you. I appreciate it. [LB809]

SENATOR SCHUMACHER: Any other questions from the committee? If not, thank you, Mayor, for your testimony. [LB809]

CHRIS BEUTLER: Thank you. [LB809]

SENATOR SCHUMACHER: More proponents on LB809. [LB809]

MICHAEL TAVLIN: Good afternoon, Senator Schumacher and members of the committee. It's a pleasure to be here with you today. My name is Michael Tavlin, T-a-v-l-i-n, and I'm the chief financial officer and in-house legal counsel for Speedway Motors in Lincoln. It's my pleasure to appear here before you today to testify in support of LB809. I appear on behalf of Speedway Motors as well as the thousands of individuals and groups from across the state and the country who donate to the Speedway Motors Museum of American Speed. Their donations to the museum enable it to grow, and thereby enhance its collection and its reputation as a preeminent automotive museum in the United States. Before going further, I want to express a special note of thanks to Senators Coash and Harr for their role in introducing LB809. And I also want to express our full support for the amendment proposed today by Senator Coash. It has always been our understanding that the exemption that would be provided by LB809 would apply only to a purchase by a historic automotive museum. A brief background. The Speedway Museum located in Lincoln is the home to a world-class collection which has been assembled over a 40-plus-year period. While it may have started as a private passion, over the years it has become a public treasure. The theme of the museum is American ingenuity, industry, and craftsmanship. It is about speed and power and automotive art. It is the largest museum of its kind in the state of Nebraska. As the mayor said, the Speedway Museum was recently ranked as the number one tourist attraction in Lincoln on Trip Advisor. The museum is open to the public. It's open today and it has been open to the general public for almost 20 years. The average annual attendance over the past few years has been approximately 12,000 people. And I would add, sales taxes have been paid on those admissions. Most of those visitors are not from Lincoln or from Nebraska. The Internal Revenue Service determined in 1994 that the museum qualified as a tax-exempt organization, a charitable organization under 501(c)(3) of the code, and that status continues today. The collection is comprised of over 300 motor vehicles, over 800 engines, over 1,500 pedal cars, and over 6,000 other automotive-related objects. The formal display area spans approximately 165,000 square feet on three floors; and stated another way, almost 4 acres under one roof. In addition, objects owned by the museum, motor

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vehicles, engines, pedal cars, and the like, which are rotated in and out of the displayed collection, are stored in several other buildings in Lincoln. In addition to the display in Lincoln, the museum loans objects from its collection to other museums and car shows. For example, the museum has loaned pedal cars from its collection to the Durham Western Heritage Museum in Omaha. It had a vintage Indianapolis 500 race car on display last week at the Midlands International Auto Show in Omaha. Two of its Bonneville Salt Flats streamliners were recently on display at the Grand National Roadster Show in Pomona, California. Other loans have been to the Gilmore Museum in Michigan, the Petersen Museum in Los Angeles, and the Sheldon in Lincoln. LB809, from our perspective, will serve two purposes if enacted. First, it will resolve the current ambiguity in Nebraska law. While many states exempt all purchases by a museum, such as the Speedway Museum, from sales and use taxes, Nebraska law exempts only museum purchases of fine art, a term which is not defined by statute and the meaning of which is now in question. The Speedway Museum has, in the past, relied on that exemption in the purchase of objects for its collection. Second, LB809 will allow the Speedway Museum to compete on an equal footing with other museums from across the country as it attempts to purchase new objects for its collection. Those other auto museums which operate in states that impose a less onerous tax burden on auto museum purchases for their collections are able to devote 100 percent of their charitable contributions to the purchase of museum objects. As a result, those auto museums, those with which the Speedway Museum competes, are better able to afford to purchase objects for their collection. In simple terms, they can afford to pay more and they can afford to buy more, because charitable contributions from their donors are not diluted by a state tax burden that is imposed on purchases by those museums of objects for display in their collections. Looking back over the past few years...looking back at Speedway Museum purchases of objects for a collection over the past five years the exemption provided by LB809 would result in an average annual tax savings to the Speedway Museum of between \$40,000 and \$50,000 per year. And as I previously stated, the Speedway Museum is the largest museum of its kind in Nebraska. I should add, however, that the museum also expects to pay several thousands of dollars per year in sales and use taxes on purchases that would not be exempt under LB809 as it has done in the past. The Speedway Museum is presented almost every week with the opportunity to acquire an object that would contribute in an important manner to the expansion and enhancement of its collection and its reputation. And it's axiomatic that as the museum expands and it enhances its collection, it becomes an even more important tourist attraction in Lincoln and Nebraska. In closing, I'm here today as I said before to testify on behalf of Speedway Motors as well as the thousands of fans of the Speedway Museum from across the state and the nation to respectfully ask for your support for LB809. I thank you for your attention and your consideration and I'll try to respond to any questions you might have. [LB809]

SENATOR SCHUMACHER: Any questions? Senator Hansen. [LB809]

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SENATOR HANSEN: Thank you, Mr. Tavlin. It's good to have you here. I really look forward to going out to that museum and spending some time. My question for you is have you joined the car nut...are you a car nut? [LB809]

MICHAEL TAVLIN: Senator, I've been a car nut for a long time. [LB809]

SENATOR HANSEN: That's the answer I wanted to hear. [LB809]

MICHAEL TAVLIN: I was a wrenchturner on a dirt track team a long time ago before I got to where I am today. [LB809]

SENATOR HANSEN: Great. That's a good answer. Thank you. [LB809]

SENATOR SCHUMACHER: Senator Sullivan. [LB809]

SENATOR SULLIVAN: Thank you, Senator Schumacher. And thank you, Mr. Tavlin. And I truly enjoyed visiting the museum the other day. Just a couple notes of clarification though with respect to this bill and some of your comments. So under this proposed legislation the purchases of automobiles for your collection would be tax exempt. You mentioned that you still would pay taxes on other purchases. But then there are also other items that you have on display and that you would be adding to your collection that aren't historic automobiles. So what all is and isn't taxed...would be subject to tax? [LB809]

MICHAEL TAVLIN: Thank you, Senator. Good question. The dividing line or the bright line in the statute would provide for an exemption for items which are purchased to be displayed in the museum. So if a historic automotive museum was purchasing something to be displayed in the museum, the exemption would apply. If the Speedway Museum decided to purchase a Barbie doll collection, it also has to relate to its exempt purpose and that would not be tax exempt. [LB809]

SENATOR SULLIVAN: Thank you. [LB809]

SENATOR SCHUMACHER: Any other questions? Didn't Barbie have a car? [LB809]

MICHAEL TAVLIN: Well, Senator, not to be sexist, but you may have been back in those days Ken may have had the car. (Laughter) [LB809]

SENATOR SCHUMACHER: One other question. One other question. The...for any other community other than maybe Omaha or Lincoln or something very close to there, 200 vehicles is a lot of vehicles. Is this intended to exclude somebody who maybe would have 50 vehicles in Chadron? Why the 200 and...? [LB809]

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MICHAEL TAVLIN: Well, Senator, the...I think the thinking behind the statute was...or behind the bill, excuse me, was that the exemption that should apply, for lack of a better term, to a real--real--automotive museum. I think by looking at the statutes from other states: Washington, California, and others, it was concluded that at 200 vehicles you have a sufficient critical mass that the exemption ought to apply. [LB809]

SENATOR SCHUMACHER: Why distinguish cars from other museums? For example, by Chadron there's a Museum of the Fur Trade. Why are we making that distinction in this approach? [LB809]

MICHAEL TAVLIN: Senator, I suspect that if we displayed fur, we'd be having a conversation about why that sort of exemption shouldn't apply. I'm afraid I can't answer that question. [LB809]

SENATOR SCHUMACHER: Okay. Thank you. Thank you for your testimony. Are there any other questions? If not, thank you very much. [LB809]

MICHAEL TAVLIN: Thank you, Senator. [LB809]

SENATOR SCHUMACHER: More proponents of LB809. [LB809]

BRUCE BOHRER: (Exhibit 2) Good afternoon, Senators. Bruce Bohrer with the Lincoln Chamber of Commerce, a registered lobbyist with the Lincoln Chamber. For the record, my last name is spelled B-o-h-r-e-r. The Lincoln Chamber of Commerce supports passage of LB809, which as you've already heard would resolve and clarify a sales and use tax exemption related to historic automobile collections. And as you also already heard, the Speedway Motor Museum of American Speed is an incredible collection. I've been out there a few times and just talking about it this afternoon makes me want to go out this weekend. We feel, at the Chamber, that it's deserving of this exemption to put it on a level playing field, as you heard from Mr. Tavlin, with other similar museums across the country as it acquires items for its museum collection. We view this as an appropriate and important policy clarification because without it Nebraska places a more onerous tax burden on this very outstanding, and I would use the term iconic, too, that the mayor used earlier, iconic collection of motor vehicles and automotive memorabilia. It serves as a major attraction for visitors and various events to Lincoln, and really to our state. You'll hear from our Convention and Visitors Bureau Director Jeff Maul in a minute. I'll let him cover some of the additional events and dollars that having this type of museum means for our state and for our community. And so with that I'll thank you for your time and consideration, and would ask you to support LB809. I also want to put a thank-you in for Senator Coash and Senator Harr for bringing LB809 forward. And I'd be happy to answer any questions you might have. [LB809]

SENATOR SCHUMACHER: Any questions for Bruce? Seeing none, thank you for your

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testimony. More proponents, LB809. [LB809]

JEFF MAUL: (Exhibit 3) Good afternoon, members of the Revenue Committee. My name is Jeff Maul. I am the executive director of the Convention and Visitors Bureau right here in beautiful Lincoln, Nebraska. For the record, my last name is spelled M-a-u-l. And I am here representing CVB--we're going to say CVB a few times instead of saying Convention and Visitors Bureau. Keep it acronym friendly. And I'm here representing the organization in strong support of LB809, introduced by Senator Coash and cosponsored by Senator Harr, which would clarify that these purchases made by qualifying historic automobile museums, such as the Speedway Museum, would be exempt from sales and use taxes. In my 12 years working at the Convention and Visitors Bureau, our organization has always held a very close working relationship with the museum. The rich history of the automobile industry, as well as auto racing nationwide and right here in Lincoln, Nebraska, is complemented so much by the efforts of the entire team at Speedway Motors. Aside from our centralized location nationwide, their collection is a major attraction for car enthusiasts, automobile event producers, as well as automobile reunion groups from across the country. Our organization has cohosted several events over the years, including ice cream socials to barbecues, opening night reunions to awards banquets. A few examples of the events that we've held in Lincoln and landed as a result of this partnership that we have with the museum include: the Hot Rod Super Nationals--which is formerly Americruise, which was an event that cruised across our city every summer--it transformed into the Hot Rod Super Nationals and we continue to host that; the Sports Car Club of America event that we recruited from Topeka, Kansas; as well as the Formula SAE Collegiate Design Series--this is an international design series competition at Lincoln's Air Park that brings the best international engineers at the collegiate level that design cars from the ground up; as well as the National Corvette Caravan. We feel that with these events and many other events held over the last 7-10 years, the overall economic impact of events visiting Lincoln, thanks in part due to the museum's presence, is in excess of \$42 million. It is vital that the museum is allowed to evolve and expand in future years, further enhancing our footing in the tourism industry as a must-see destination for automobile enthusiasts and groups of all sizes. I appreciate all of your work today and thanks to each one of you for taking time today to learn about the impact of the Speedway Museum. I'd be happy to answer any questions that you have at this time. [LB809]

SENATOR SCHUMACHER: Any questions for Jeff? I just have a couple. Is it reasonably safe to say that the economic impact of the museum is reasonably localized to Lincoln and a small radius outside of Lincoln? [LB809]

JEFF MAUL: With a good...you know, a good portion of the groups, if they come to Lincoln, if they are especially in the automobile industry and they drive their cars here and they are part of a tour, they are touring our entire state; so they may put their head

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in a bed in Lincoln, Nebraska, in a hotel room, and visit the museum on an opening night; but they're back in their car touring eastern Nebraska, northern Nebraska, all the way out west to Alliance and Scottsbluff. So a lot of the touring automobile organizations are like that. The reunions, the Hot Rod Super Nationals type events, they're right here in Lincoln but they've still got to take all roads across the state from across the country to get here. [LB809]

SENATOR SCHUMACHER: But most of the money is spent around the event here? [LB809]

JEFF MAUL: Right, as far as our economic numbers. Yes. [LB809]

SENATOR SCHUMACHER: See, then, this bill would distribute the cost of the museum or the cost of the tax exemption statewide. Wouldn't it be fairer to have the city make an appropriation out of its city sales tax money or other sources to help pay this tax rather than statewide to be forgiven? [LB809]

JEFF MAUL: I don't think I can answer that question. I'd have to lean on a guy like Bruce to answer something like that, or our other partners in the business. [LB809]

SENATOR SCHUMACHER: I don't have any other questions. Thank you for your testimony. [LB809]

JEFF MAUL: All right. Thank you. [LB809]

SENATOR SCHUMACHER: More proponents on LB809. [LB809]

LOY TODD: (Exhibit 4) Senator Schumacher, members of the committee, my name is Loy Todd; that's L-o-y T-o-d-d. I'm the president and legal counsel for the Nebraska New Car and Truck Dealers Association in support of LB809. I will tell you that, you know, traditionally we are very concerned about the taxation of motor vehicles. It's something we follow very closely, and it's quite complicated. And one of the things that a bill like this does is help us in our task of watching for those kinds of taxes to make sure they're collected. You know, traditionally, we tax motor vehicles; the sales tax goes to the Highway Trust Fund; the motor vehicle fee goes to primarily education and for property tax purposes. And then we get into things like this that just don't fit, and we have to come up with ways to define things and to satisfy the law. We tax vehicles upon registration and then we find people who don't want to register because that's when the tax bill comes; so they find creative ways to not do that. And so then we pass a law that says, well, a motor vehicle that is not registered but remains in the state for more than 30 days is subject to the sales tax. Very good, we've closed a loophole. Okay. Now people start finding more creative ways to do things. Well, then we have truly legitimate purposes like this that are for the public benefit. It's not somebody trying to escape

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taxes; it's somebody doing something totally different. These vehicles are not driven on the roads. They don't use our roads, they don't cause law enforcement to have to chase them around. We don't need stop signs for them and all the other infrastructure. And so this is something that just truly doesn't fit and it is...and we think this is a wonderful public purpose. I have handed out a handout to you. The Speedway Museum is out there attracting tourism, it is attracting other visitors. I know on automotive related stuff, we try to have things. Like we've have several conventions at their museum, at our...we owned the Midlands International Auto Show; and we are so grateful that the Speedway Museum has been willing to display vehicles at our auto show. Now, they pay for it themselves. They get signage that says: Come to our museum, here it is, here is the kind of vehicles we have. And people are fascinated with this stuff. That exhibit was a real attraction this year at the auto show. And so they're out there. And the educational purposes and necessary elements they need to qualify for this I think are very important. One thing, I don't know if it was covered adequately: it has to be a museum. And by definition in Nebraska a museum must be a not-for-profit, so they've already gone through that hurdle. So this isn't somebody hiding cars; this isn't somebody letting someone come and peak at their collection occasionally. This is the real deal and we're glad to see that this is carefully drafted to try to identify those things that are truly public and with the intended purpose. So with that, we would support this. [LB809]

SENATOR SCHUMACHER: Any questions for Mr. Todd? Seeing none, thank you for your testimony. [LB809]

LOY TODD: Thank you. [LB809]

SENATOR SCHUMACHER: More proponents on LB809. Proponents? Now opponents on LB809. Seeing none, anybody in the neutral capacity, LB809? Seeing none, Senator Coash has gone and that will conclude the hearing on LB809. We're ready now for Senator Harr, LB894. Welcome, Senator Harr. [LB809]

SENATOR HARR: Thank you, Chairman Schumacher, members of the Revenue Committee. I am Senator Burke Harr, H-a-r-r. I represent midtown Omaha, which is comprised of Dundee, Benson, Keystone, and many other wonderful neighborhoods. I am bringing LB894 on behalf of the Douglas County commissioners. LB894 deals with what happens when nonprofit purchases of property occur after July 1 of any given year. Under current law, nonprofits purchase property after July 1 would not qualify for tax exemption for any real or tangible property for the remainder of that year. While the dollar amount is often small, property tax bills can be very challenging for some nonprofits. LB894 changes the date from July 1 to August...to November 15 for nonprofits who are seeking tax exempt status for any real or tangible personal property acquired. It will also move the date for the County Board of Equalization to make the determination on the application from August 1 to November 15. I ask that you please advance LB894 and I would be more than happy to answer any questions you may

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have on this Friday afternoon. [LB894]

SENATOR SCHUMACHER: Is that a hint? [LB894]

SENATOR HARR: Take it how you want. [LB894]

SENATOR SCHUMACHER: Any questions for Senator Harr? Senator Harr, I've got one question. Now by moving it much later in the year after the time which the budgets are presented, does that create any problems for the county or I'm not sure about Douglas County or even outside counties where they've got to know their valuation base and when they set their mill levy. Is this November 15 date after they have to set the mill levy? [LB894]

SENATOR HARR: Very good question. It is after the date they set it. So you would have July 1 is the date you set it; it's also the date you start your budget. What happens is...and they're generally...they have to be certified by the state by I think the second Tuesday or Wednesday in September. So it would affect that. However, the amount involved here is generally de minimis to the county compared to the overall budget of the county and was well within the margin of error as opposed to that nonprofit. It would have a far, far, multiple effect on that nonprofit than it would on the county. [LB894]

SENATOR SCHUMACHER: Any other questions for Senator Harr? Are you going to stick around for closing? [LB894]

SENATOR HARR: I will. Thank you. [LB894]

SENATOR SCHUMACHER: All right. Thank you, Senator Harr. More proponents for LB894. [LB894]

SEAN KELLEY: Good afternoon, Senator Schumacher, members of the Revenue Committee. My name is Sean Kelley, S-e-a-n K-e-l-l-e-y, appearing this afternoon on behalf of the Douglas County Board of Commissioners in support of LB894. I'd like to thank Senator Harr for introducing this measure. This is an issue the Douglas County Board experienced the fall of 2013. A couple of very needy nonprofits acquired real property and, thus, were too late to apply for this property tax exemption. So while they wanted to give it to them, they were...legally could not. So we sought introduction of this legislation. To your question, Senator Schumacher, that's an excellent question, but the dollar amount is so little that it is within the margin of error and we don't see it as an issue, at least in Douglas County. So with that, I'd be happy to answer any questions you may have. [LB894]

SENATOR SCHUMACHER: Any questions for Mr. Kelley? Thank you, Mr. Kelley. [LB894]

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SEAN KELLEY: All right. Great. Thank you. [LB894]

SENATOR SCHUMACHER: Any other proponents, LB894? Seeing none, any opponents to LB894? Anybody in the neutral capacity, LB894? Seeing none, Senator Harr...Senator Harr waives closing. And that concludes LB894's hearing on a Friday afternoon. [LB894]