

Transcript Prepared by Clerk of the Legislature Transcribers Office  
Appropriations Committee February 8, 2022

**STINNER:** Well, welcome to the Appropriations Committee hearing. My name is John Stinner. I'm from Gering and represent the 48th Legislative District. I serve as Chair of this committee and I'd like to start off by having members do self-introductions, starting with Senator McDonnell.

**MCDONNELL:** Mike McDonnell, LD 5, south Omaha.

**STINNER:** John Stinner, District 48, all of Scotts Bluff, Kimball, and Banner County.

**WISHART:** Anna Wishart, District 27, Lincoln and Lancaster County.

**KOLTERMAN:** Mark Kolterman, District 24: Seward, York, Polk, and part of Butler Counties.

**HILKEMANN:** Robert Hilkemann, District 4, west Omaha.

**VARGAS:** Tony Vargas, District 7, downtown and south Omaha.

**DORN:** Myron Dorn, District 30, Gage County and part of Lancaster.

**STINNER:** Assisting the committee today is Tamara Hunt and to my left is our fiscal analyst, Clint Verner. Our page today is Jason Wendling. At each entrance, you will find green testifier sheets. If you are planning to testify today, please fill out a sign-in sheet and hand it to the committee clerk when you come up to testify. If you will not be testifying at the microphone, but want to go on record as having a position in a-- on a bill being heard today, there are white sign-in sheets at each entrance where you may leave your name and other pertinent information. These sign-in sheets will become exhibits in the permanent record at the end of today's hearing. To better facilitate today's proceeding, I ask that you abide by the following procedures. Please silence or turn off your cell phone. Order of testimony will be introducers, proponents, opponents, neutral, and closing. When we hear testimony regarding agencies, which we will not so I'm going to skip that. We ask when you come up to testify that you spell your first and last name for the record before you testify. Be concise. It's my request that you limit your testimony to five minutes. Written materials may be distributed to the committee members as exhibits only while test-- testimony is being offered. Hand them to the page for distribution to the committee and staff when you come up to testify. We need 12 copies. If you have written testimony, but do not have 12 copies, please raise your hand now so the page can make

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copies for you. With that, we will begin today's hearing with LB788. Welcome, Senator Groene.

**GROENE:** Senator Stinner, thank you. My first time in eight years in front of this committee.

**STINNER:** Well, welcome.

**GROENE:** Not much of the spender, but today I am. When-- this is on LB788, of course. When LB40 was introduced, the origin of, of the Rail-- Rural, Rural Projects Act was introduced, we did not expect the overwhelming interest that communities with railroad heritages would show in the Rural Projects Act. On day one, January 3, when DED, Department of Economic Development, began accepting applications, four communities had applications ready totaling \$73 million requested. I know of two other rural communities who did not have the resources available or backing of a metropolitan community near them so when-- which, which have now expressed disappointment that they were not able to have their application finalized and submitted prior to the application date and have now found that the total statutory funding of \$50 million has already been applied for. LB40, I believe, has exposed the barrier to economic growth existing in rural Nebraska, small industries without the financial wherewithal to build their own rail siding or to acquire tracts of land near rail spur sidings, have in the past been blocked from coming to Nebraska due to lack of access to rail facilities and building sites. Likewise, smaller Nebraska communities do not have the tax dollars or large chamber of commerce resources to build costly industrial rail yard park infrastructure projects. Therefore, our manufacturing and warehousing industry has been stymied in Nebraska, especially in rural Nebraska. Fully funding the Rural Projects Act will bring new, good, good-paying manufacturing, welfare, and warehousing jobs to rural Nebraska. I've been told by our Lincoln County Development Corporation that the companies inquiring about the Rural Projects Act are new to Nebraska. Gary Person of "DevCo" will testify today. You can ask him further on that. They are looking for communities where they will be appreciated and welcomed by the workforce and the business community and we have that in rural Nebraska. The rural projects allows communities to diversify their economy to smooth their overall economic picture by giving them the ability to absorb market swings that each individual industry may have. We have that in rural Nebraska; when agriculture dips, the communities dip. And our area in North Platte is when the railroad has a layoff-- cyclical layoffs, the whole community becomes stagnant. A critical as-- diversification in the economy is a critical aspect of any community's ability to help grow rural Nebraska or their

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community. I ask this committee and the Legislature to "expediate" the funding of the Rural Projects Act and to allow future Legislatures to add to the funding as more projects are brought forward. By fully funding the \$50 million-- LB788 asks for fully funding the \$50 million of the existing statute. So far, we'd put \$10 million into it, but the requests are there and the, and the demand is there. Allow-- and then number two, change the present Rural Project Acts funding from no more than \$50 million to no less than \$50 million. So this committee in the future or the Legislature can keep a good program in place and as demand comes, the future Appropriations Committee can add more funding to it. And then, number three, allow present projects to access any new money that may be appropriated after-- that would be after the, the-- all of the requests now have been funded. The Rural Projects Act is not an if we build it, they will-- might come endeavor. They are already anxiously waiting to come-- and you'll hear that from some testifiers-- to Nebraska and grow rural Nebraska. I look at this legislation as an infrastructure funding bill. Rail services is critical to the manufacturing and [INAUDIBLE] industry as good roads are to any economy. Thank you.

**STINNER:** Thank you. Questions? So remind me again, Senator, and I, I know you went through this, so we have put \$10 million of General Funds--

**GROENE:** Yeah.

**STINNER:** --into the cash fund?

**GROENE:** Yes, \$5 million for each of the two biennium years.

**STINNER:** OK, so that's what we have on the books and then it's \$5 million up to ten years or-- I know we can't bind future Legislatures.

**GROENE:** For ten years, you can do it when-- any-- whenever. It doesn't say it has to be at a prorated amount each year.

**STINNER:** OK and so based on what you know today, as far as the demand is concerned, \$50 million would be a good start.

**GROENE:** Yeah, it would be spent.

**STINNER:** OK.

**GROENE:** In North Platte, they would spend-- they can get up to \$30 million. It would be done. They are past stages of-- the railroad-- Union Pacific is on board. The-- I should leave this to Gary, but

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their industrial rail site division is working with-- to have coal and building, showing the engineering for it. And there's companies waiting to come. They just need this rail spur. They need locations, sites.

**STINNER:** So, so you're saying \$30 million already that you think you have in North Platte and that--

**GROENE:** That would--

**STINNER:** --that requires a-- matches, right?

**GROENE:** Yeah. So you're talking about about \$40 million. It would be around, \$10 million, a little less--

**STINNER:** OK.

**GROENE:** --that would be matched locally. And max, they're can get-- the matching funds from the state is 30. We limited it that no project could get over \$30 million.

**STINNER:** OK, thank you.

**GROENE:** I actually-- Senator Stinner, when we introduced this bill, the perception was, was North Platte had the facility. You know, we compare our rail yard to O'Hare National Airport. It's the largest rail classification yard in the world. And railroads weren't willing to work. They, they always said O'Hare don't want a piper cub landing and they didn't want a spur, but they have worked with us now and they are working with other communities that good-- they want to be good members of the community and they-- and apparently, it, it fits their business model better now to allow this to happen.

**STINNER:** Very good. Questions? Senator Dorn.

**DORN:** Thank you, Chairman Stinner. Thank you for being here. Was there anything in the bill that kind of outlined who, who would be-- or how the appropriations would go out? Was there anything-- do you--

**GROENE:** First in, first out is what we--

**DORN:** All right.

**GROENE:** --and it was a close race, I'll tell you, of those four applicants on the, on the--

**DORN:** Yeah.

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**GROENE:** --when that website opened. I think two minutes differentiated North Platte from getting the first funding to the second applicant.

**DORN:** Thank you.

**STINNER:** Senator Hilkemann.

**HILKEMANN:** Yeah and maybe you don't-- maybe there will be other testifiers. What's the number of people they expect to employ when this is up and going?

**GROENE:** What's unique about this, our target is small manufacturers, 50, 100 employees, something that we can fill in that labor pool that-- you know, in agriculture, manufacturing, warehousing-- because that fits in rural Nebraska. It fits those manufacturing plants that come to smaller communities. We're not looking forward to build-- Ford to come in and build a manufacturing plant. We'll leave that to Omaha and Douglas and Sarpy County. We want those small manufacturing plants. They're looking for homes. I won't go into why, but we all know why; they're-- the existing homes in the urban areas in certain states has become unfriendly to their businesses, so they're looking for a new home.

**HILKEMANN:** I was-- I re-- over the weekend, I watched a video that I had about that cattle, cattlemen. I thought that was what this was somewhat about.

**GROENE:** It's just a coincidence that the, the rail park-- I worked with "DevCo" on that before the packing plant became feasible and has-- as far along as it was. This-- the rail park was prior-- they-- now the rail-- the packing plant might be able to build a refrigeration place there to take their kill and their meat to there and then load it on rail cars and send it to markets across the country. It might fit in that place, but the two are not tied together.

**HILKEMANN:** OK, so--

**GROENE:** One is on the east side of town, one's actually not in North Platte. It's in-- between the villages of Hershey-- outside the village of Hershey.

**HILKEMANN:** OK.

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**GROENE:** This actually-- will have Hershey utilities and water and, and will be part of that community because this is the Lincoln County Development Corporation, not the North Platte.

**HILKEMANN:** So we're not-- so this is not specifically for the beef packing plant?

**GROENE:** No.

**HILKEMANN:** Thank you.

**GROENE:** Rail park came before it-- idea came before I knew about the people talking about a beef plant--

**HILKEMANN:** OK.

**GROENE:** --but just how haven't-- might fit together.

**HILKEMANN:** And it-- any concerned about it-- so-- if-- I guess you've answered that we're not looking at a huge plant that's going to need 1,000 people.

**GROENE:** We couldn't do it. And that huge plant can build their own dang rail spur and can build--

**HILKEMANN:** OK, OK.

**GROENE:** -- and build-- and buy ground by the square inch. We're looking at those mid-sized companies, smaller companies who are looking for a home and can't build their own rail site and need a site.

**HILKEMANN:** OK.

**STINNER:** Additional questions? Seeing none, thank you.

**GROENE:** Thank you.

**STINNER:** Good afternoon.

**GARY PERSON:** Thank you. Senator Stinner, Appropriations Committee members. Thank you, Senator Groene. My name is Gary Person, spell like person, P-e-r-s-o-n. I'm the president and CEO of the North Platte Area Chamber and Development Corporation. Definitely in favor of LB788. Our chamber development corporation is very appreciative of the Legislature's recognition for the need for industrial rail parks and spurs in our state, evidenced by the, the strong support that we saw

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on Senator Groene's LB40 adopted last year. Our organization is comprised of 600 businesses and organizations in our area and strongly supports this legislation. "Up-fronting" funding in the two-year cycle rather than over a ten-year cycle previously authorized would make a monumental difference in our efforts to develop an industrial rail park that will attract new investment, new jobs to Nebraska. We also support expanding the potential funding to help all rail park developments being proposed in Nebraska. North Platte and Lincoln County, this is the unique thing about our community. What-- we have a 55-mile-long county. It's been rail-access restricted for the past 74 years since the opening of Union Pacific's Bailey Yard in 1948. As Senator Groene mentioned, it's the world's largest classification yard, actually has 10,000 railroad cars each day at its peak. But end to end, all this infrastructure in Bailey Yard would stretch from North Platte into Iowa. That's how extensive of a congested area it is. But with Union Pacific's move in recent years to automation precision scheduling, along with diminished coal traffic, it opened the door for discussion of access approval on the mainline near North Platte. Those discussions I've had with the railroad for over five years now. We collaborated with the top UP officials to open that door of opportunity and recently gained official access approval. That just doesn't happen overnight. And so we went through a very tedious, long process and, and now have that official approval that UP has just been outstanding to work with. This is the key for our economic diversification and attracting new manufacturing, distribution, agriculture, processing operations. If you look at the job base in North Platte, there's only one manufacturing company in the entire community. A lot of that has to do with you're recruiting manufacturing. A lot of times, they're looking at rail access and we were out of the game before you could even start in the recruitment process. We propose to construct an initial 300-acre development site, which includes the existing Greenbrier Rail Services site. COVID and the pandemic made Greenbrier a victim of its operation. We've worked our due diligence for three years to secure six land options to purchase, met with utility providers to understand the necessary steps for expansion, began actively marketing the rail park's potential. We've also conducted all the phase one environmental studies on these properties. We've had outstanding support, cooperation from the village of Hershey, Lincoln County, city of North Platte, our business community, and the UP. We anticipate over time to spend \$60 million on infrastructure for the full development of this park. LB788 would accelerate our park's development and the independent study that we've had conducted shows a potential of \$1.8 billion of annual economic impact, with up to 2,000 direct jobs over time when our rail park is

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fully developed. Obviously, that's not going to happen overnight. That would be over several years, if not decades. Most serious of the industrial prospects we are currently working with are value-added agriculture related involving corn stover, soybeans, sorghum, sunflowers, and frozen beef. This company's principal investors and developers are in Iowa, Texas, Minnesota, Washington, Wyoming, and Kansas, along with a handful of homegrown efforts. One reason that is, is they're coming to us because this is where the products are grown. If we can add value to that ag product before it ships down the road, everybody benefits, especially Nebraska. The goal is to add eight to ten smaller-sized manufacturing processing distribution companies, along with transloading capabilities for other businesses not located at the park. As I mentioned, we're very rail access restricted, so this would give those companies an outlet as well. The village in Hershey intends to annex and rezone property. Our proposed layout will stay flexible enough so that it can be altered if needed by an anchor industry that would locate at the park. The village of Hershey's water/wastewater lagoon system, stormwater retention ponds, upgraded natural gas lines, and volume, a new electrical substation distribution network will all be necessary to fully complete the rail park. Each of the respective utilities have been working with our organization on cost estimates and timing when the upgrading becomes necessary. The proposed park has direct access to U.S. 30, is only three miles from I-80. Construction pads would be created as needed by business and industrial climates [SIC]. Economic development is about reacting proactively as quickly as possible to capture potential investment and new jobs. As I've outlined, the interest has been significant and LB788 would help us accelerate the positive impact it will have for our region and state. Senator Stinner, I will-- might also add that I'm an old Banner County boy from your legislative district.

**STINNER:** Good, good. And just for the record, I have three rail lines going through my district.

**GARY PERSON:** I know you do.

**STINNER:** I used to have just two. In any event, any additional questions? Senator Kolterman.

**KOLTERMAN:** Thank you for being here. So as you've worked with-- I assume-- have you worked with NPPD on a project?

**GARY PERSON:** I have and Dawson Public Power and NPPD have been very involved. We went through a site-readiness assistance program with



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NPPD that they have that really helped launch this whole effort and told us that the types of things they were-- were going to be facing to develop the park, but also allowed us to get the environmental studies done.

**KOLTERMAN:** And so as you, as you develop this, Hershey, Hershey is a lot smaller than North Platte.

**GARY PERSON:** Right.

**KOLTERMAN:** But you'd be expanding all the infrastructure that you need through Hershey?

**GARY PERSON:** Right.

**KOLTERMAN:** Do you know, does Hershey have a TIF program available to them?

**GARY PERSON:** They do.

**KOLTERMAN:** And so this would be eligible for TIF for those eight or ten that are coming?

**GARY PERSON:** We have, we have done a substandard and blighted study. What the, the-- one of the parcels that we are purchasing is an old airstrip. It has a lot of old buildings there and so obviously we would-- that would need to be removed, scraped, and repurposed. So yes, that is one of the programs that we will look at and, and depending on the project, would be-- it could be a part of it.

**KOLTERMAN:** But Hershey already has that in place, a TIF program?

**GARY PERSON:** We, we have the-- they obviously would have to annex the land. The study's been done. We've done everything we could possibly do to prepare to-- for the day to come when the funding would be available that would allow us to, to then start marching forward.

**KOLTERMAN:** OK. Thank you.

**GARY PERSON:** Um-hum.

**STINNER:** Additional questions? Seeing--

**GARY PERSON:** Yes.

**STINNER:** Senator Hilkemann.

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**HILKEMANN:** Just, just for me to get perspective, we're talking about a 300-acre track, is that right?

**GARY PERSON:** Correct, yes.

**STINNER:** I've-- when I've ridden my bike across Nebraska and I've stopped on-- at-- watched that whole track system, how many acres is involved with that? You have any idea of what-- just that track?

**GARY PERSON:** For Bailey Yard?

**HILKEMANN:** Yeah.

**GARY PERSON:** 2,858.

**HILKEMANN:** OK, so this is just a little peanut.

**GARY PERSON:** Yeah, it's, it, it's, it's small potatoes compared to that. I mean, nothing compares with the Bailey Yard. You'd never trade it for a, a rail park. So we totally understand why, you know, it was-- we were basically off limits. But when you need to diversify your economy, that was always a real problem for North Platte and Lincoln County because of this situation. I came from a, a previous community where I had a lot of experience dealing with manufacturing companies, distribution companies needing rail access. So when I lived in North Platte, I thought, boy, I'm going to have the best of all worlds. They got Bailey Yard there. It was just quite the opposite. So that's when I began engaging in those conversations with the railroad so we could both understand the complexity and the challenges that are there. But with a lot of the changes that they've seen, that door is now open. And like I said, they've been outstanding to work with from Lance Fritz on down to the people in Bailey Yard. They've just been-- they've embraced this as well.

**HILKEMANN:** OK, thank you.

**STINNER:** Additional questions? Seeing none, thank you.

**GARY PERSON:** Thank you.

**CHRIS BRUNS:** Good afternoon.

**STINNER:** Good afternoon.

**CHRIS BRUNS:** Chairman Stinner, other members of this committee, my name is Chris Bruns, spelled C-h-r-i-s B-r-u-n-s. I am the chairman of

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the Lincoln County Board of Commissioners and I thank you for the opportunity to speak in favor and on behalf of my entire board today as a proponent for LB788. I would like to submit to you and for the record, a resolution that the Lincoln County Board of Commissioners unanimously passed supporting this piece of legislation and the important and worthwhile impact that its passage will have on the Lincoln County area. In an effort to be respectful of your time and the work that you all have left to do today, I won't read that resolution in its entirety. However, I will draw your attention to a few key points that it does highlight. Lincoln County, like many rural communities and, and counties across our great state, understands the importance of meaningful economic development and job creation and how it is vital for growing our rural Nebraska and affording eventual tax relief to all the residents of our county. Lincoln County is also well situated, like many other rural counties, in an agriculturally rich area with world-class producers of cattle and crops. Importantly, we realize that Lincoln County is very strongly situated to potential future economic development that takes advantage of that agricultural identity and our unparalleled access to rail, air, and overland transportation routes. As such, we are working hard to bring to fruition a years in the planning industrial rail park that will allow Lincoln County and west-central Nebraska to be better positioned to compete in a global economy. A rail park that will allow us to attract and cultivate economic development of a scope that our region hasn't been able to realize before. The Nebraska Rural Projects Act is critical for this endeavor and what this piece of legislation, LB788, seeks to do is equally important, as it will allow communities like ours to address the speed of business reality that is quickly becoming an issue with regard to businesses that are ready and willing to build in our state's strong economy. As part of our community's application for the Nebraska Rural Projects Act, an economic impact study was conducted, which Mr. Person has spoken to briefly, and the projections for once we are fully developed are quite simply astounding. Using sound, conservative assumptions, we anticipate the development of our industrial rail park, which has nearly doubled in planned acreage since the study was conducted, to provide Lincoln County a positive economic impact of approximately \$1.8 billion annually. It projects the creation of approximately 4,000 new permanent jobs; 2,000 being direct, which Mr. Person highlighted, as well as 2,000 being indirect in our region. It projects direct labor income for workers employed because of this industrial rail park to be roughly \$262.2 million. That equates to an average income for those newly, newly created jobs to be roughly \$65,000 a year. Ladies and gentlemen, that's a game changer for our area when you think about the demographics, the

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economic demographics of our region. It also projects, for purposes of showing the return on investment that this legislation will help provide, a tax revenue to local and state government of approximately \$31.8 million annually, specifically, a projection of \$14.4 million of tax revenue to the state coffers annually. But time is of the essence. Large-scale, resource-intensive developments like industrial rail parks take time and money. Many prospective businesses are very seriously considering our industrial rail park, yet few are keen on the idea of the years that it will take to develop this should legislation not pass. Businesses like to move fast and, and government, in fulfilling its responsibility to provide solid and vital infrastructure, tends to move at a snail's pace. Again, the speed of business is a reality and a significant challenge. LB788 would address this challenge. It's a good bill with sound solutions to a real problem. As you can see, Lincoln County has the potential to benefit significantly from the Nebraska Rural Projects Act and more so from this legislation under your consideration today, but we do not stand alone as benefactors. There are several communities that seek to take full advantage of this legislation and rightly so. It is my understanding that there were several applicants for the match funding that the Nebraska Rural Projects Act provides, which is great. It's great because rural Nebraska has so much fantastic potential and the Nebraska Rural Projects Act and LB788 provide a key mechanism to help those communities throughout the state realize that potential, the potential to unleash economic growth that allows for rural communities, Nebraska communities to thrive. So in closing, I want to thank you for your time and consideration today and the work that you all do for our great state. I also want to humbly ask, on behalf of the Lincoln County Board of Commissioners, that you support and advance this worthwhile legislation. Thank you.

**STINNER:** Senator Clements.

**CLEMENTS:** Thank you, Mr. Chairman. Thank you, Mr. Bruns. I heard you say that state revenues generated would be \$14.4 million and is that per year, over a number of years?

**CHRIS BRUNS:** That is per year once fully developed.

**CLEMENTS:** Per year. And how long do you think fully development--

**CHRIS BRUNS:** Well, I mean that--

**CLEMENTS:** --would take?

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**CHRIS BRUNS:** --that's, that's hard to, to say. I mean, hopefully sooner rather than later. This legislation would allow us to do it sooner. Without it, it could be a decade, but we have every intention on moving very quickly and, and working to develop this, this industrial rail park as fast as possible.

**CLEMENTS:** And is this a one-to-one match with the state? What is the percentage that you would have to put in?

**CHRIS BRUNS:** So it, it's split. For the first few million, it's a two-to-one match, and Gary Person can probably speak to this better. And then after you hit a threshold, I believe of \$5 million, it is a five-to-one match.

**CLEMENTS:** All right, thank you.

**STINNER:** Additional questions? Senator Hilkemann.

**HILKEMANN:** Perhaps I've been given some false information on this, but I have assumed that the understanding that the grading and so forth are already done for this project. Is that not correct?

**CHRIS BRUNS:** Grading has not been completed to my understanding. I mean, the, the, the ground that we're looking at is fairly flat, so there's not a whole lot of work that would go into that. The, the cost is going to be in track. It's going to be in water and sewer and the, and the roads. But there is going to be some site development that does need to take place, but none of that has been completed.

**HILKEMANN:** OK, then the second thing that you -- then-- was the question I asked Senator Groene. He talked about the small-- you're saying up to 2,000 workforce?

**CHRIS BRUNS:** So our intent is smaller manufacturers, but the way we've designed this industrial rail park allows for several of them to come in and build.

**HILKEMANN:** Will you have the, will you have the workforce to, to provide 2,000?

**CHRIS BRUNS:** Well, that, that in and of itself creates challenges that we as a community need to work to overcome, as, as any real community needs to work to overcome with, with economic development. That is something that we are hungry for and is a necessity for, for our community to, to stay relevant in this global economy.

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**HILKEMANN:** OK.

**STINNER:** Additional questions? Seeing none, thank you.

**CHRIS BRUNS:** Thank you.

**STINNER:** Good afternoon.

**MEGAN SKILES:** Hi, there. Chairman Stinner and members of the Appropriations Community-- Committee, I am Megan Skiles. That's M-e-g-a-n S-k-i-l-e-s and I am the executive director for the Greater Fremont Development Council and I'm also here representing the Nebraska State Chamber and I'm here to express our support for LB788, a bill for an act related to the Nebraska Rural Projects Act. The Greater Fremont Development Council applied for the Nebraska Rural Projects Act on January 3-- I think Gary beat me by two minutes-- in hopes that an award could accelerate development of attractive land that the city of Fremont and Dodge County hope to see becoming multitenant, 1,500-acre rail-served advanced manufacturing and distribution industrial park. We intend to also apply for the Nebraska Municipal Inland Port Authority Act for this site. Once the port, port authority district has been established in the-- the port authority and the GFDC will be partnering to immediately begin engineering studies and planning for the park. The match requirement for the Nebraska Rural Projects Act will be spent by the port authority and GFDC in the first two years of development, which will focus on securing an initial tenant utilizing the rail park-- rail in the park, master planning for the entire district, and securing rail access for the industrial park. Infrastructure and land acquisition costs will easily surpass our requested award amount of \$30 million, plus our match of \$7.5 million in the first couple of years. More upfront funding and the potential for additional funding for the program will give Nebraska a stronger advantage. The Greater Omaha Chamber has prepared an economic impact analysis demonstrating the potential of this site. We assume that 12 projects over the course of ten years would locate on this site and employ 2,440 people. At full build-out, it would generate a direct and indirect economic impact of \$870 million annually to Dodge County and statewide, that impact would be \$1.1 billion annually. As you can see, this provides a substantial return on investment. I also pulled some numbers from our database to demonstrate industrial project RFI growth over the past several years. Preliminary numbers show that there is demand here. We have seen an increased number of RFIs in the intensity of capital investment for projects that have shown interest in Dodge County and the surrounding region. In 2019, we responded to 24 RFIs for manufacturing and

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warehouses-- warehouse projects that totaled a potential capital investment of \$545 million. In 2020, we responded to 26 RFIs, totaling \$2 billion. And in 2021, we responded to 32 RFIs, totaling \$8.2 billion. Year over year, more companies and businesses have been looking at Fremont and Dodge County as an opportunity for growth and expansion and there are many things that are attracting these companies to Nebraska communities. However, there have been a number of quality projects that we have lost to other communities who have the ability to deliver sites and the necessary infrastructure in a shorter timeline. Fortunately, the Nebraska Rural Projects Act was passed into law to help Nebraska communities to be more competitive and to increase our odds of success and will allow our region to become-- to begin planning and give us a tool to think ahead of development instead of being reactionary. In today's global supply chain crisis, site selection is really a site elimination process and speed to market is the game changer. If passed, LB788 will help to front-load funds to the Nebraska Rural Projects Act. It is a timely proposal that will position Nebraska to respond to the global supply chain crisis and position ourselves to be a solution to the problem. Again, we support LB788 and the effort to create a timely and rail-served industrial park and other business opportunities in Dodge County. I also believe there are some issues with the interpretation of the bill, which the Nebraska Department of Economic Development has interpreted as requiring an EDO to take possession of the land for it to be eligible for the Nebraska Rural Projects Act. This creates an unnecessary liability for the EDO, creates a more complex transaction structure, and ultimately drives up project expenses. I would also request that the Legislature review the statute regarding this issue. Thank you and I'd be willing to answer any questions.

**STINNER:** Thank you. Questions? Seeing none, thank you.

**MARY BERLIE:** Thank you. My name is Mary Berlie, M-a-r-y B-e-r-l-i-e. I serve as the executive vice president of the Grand Island Area Economic Development Corporation and I certainly hope we were the first to get our application in. I am here to support LB70-- LB788. The Cornhusker Army Ammunition Plant in Grand Island was built in 1942. This 19-square-mile campus manufactured heavy ammunitions, bombs, and chemical compounds. At the time, the facility was state of the art and arguably provided central Nebraska the largest economic boom in our history. When the army decommissioned the ammunition plant in 1989, Grand Island and Hall County had a lot of work to do to clean up the campus. Tens of millions of dollars were spent to correct the intense soil and water contamination that spread throughout the five bomb production lines and the two ammunition magazine areas. We've

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demolished 645 buildings and removed millions of pounds of concrete. By the time that Cornhusker Industrial Park was identified as a suitable brownfield site, our funds were depleted to run basic utility expansions or upgrade the rail. Twenty-three miles of 90-pound rail still exist out at Cornhusker. This 90-pound rail can only handle empty railcars. Those empty railcars, cars are shuffled between northern-- Burlington Northern Santa Fe that run along the south edge of our campus and Union Pacific that runs around the south border. We believe Grand Island's application is modest, but it would, it would create a monumental economic impact for all of central Nebraska. More than 100 UP and BNSF train cars pass through Grand Island each day, those trains carrying 100 to 200 cars each. Those, those railcars do not stop in our community. We do not benefit from receiving or shipping central Nebraska products utilizing either rail line. Today, 90 percent of Nebraska's freight is moved by truck. Studies show that if Grand Island was able to better utilize rail and just capture 10 percent of the products that leave central Nebraska on rail instead of truck, we would use 3,225 railcars instead of 14,337 18-wheel trucks. This would reduce 12.4 million miles on Nebraska's highways and interstate systems. Mill grain and animal feed are two of the largest commodity groups within a 200-mile radius of Grand Island that would see the largest portions of savings. These projects are largely traveling to China and Japan as two of central Nebraska's largest countries of export. With a simple change of utilizing rail instead of truck, our existing Grand Island area industries could save over \$116 million annually just in transportation costs. Those local industries we all know are on the back of our communities' t-ball jerseys, they provide wealth-producing jobs for our residents, and they are the first to step up in community-led projects. Grand Island could have a robust rail network, but we lack the access and the modernization to connect to those main lines. Our growth is truly capped. Additionally, Nebraska Economic Developers Association asked me to voice their support for LB788 as well. NEDA has long held the position in favor of policy and legislation that allows communities and cities to broaden their plant base and grow our state. Again, thank you for your time and we certainly hope you support this legislation like we do too.

**STINNER:** Thank you. Questions? Seeing none, thank you. Good afternoon.

**MICHAEL ROOKS:** Chairman Steiner [SIC] and members of the Appropriations Committee, my name is Michael Rooks, M-i-c-h-a-e-l R-o-o-k-s. I am the executive director for Gateway Development Corporation from Washington County, Nebraska. I am testifying on behalf of Gateway Development and the Greater Omaha Chamber to express our support for LB788, a bill act related to the Nebraska Rural



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Projects Act. Since 2019, Gateway Development has had a very strong economic push. However, one area that we have been struggling with is the development of a rail park in Washington County. It's hard for small, rural communities and counties to build new rail parks with limited funding and resources. Currently, we only have a select few companies that have access to rail and these tracks are all private and not accessible to new businesses looking at Washington County. Over the last two years, we have seen over 20 RFPs looking for sites with existing rail and another 14 RFPs that preferred to have rail that we have seen through the Omaha partnership. We do not land any of those. Several of the issues that were at-- were the cost of building out of the rail spur to the site just for one business or taking down an entire site when you only need 20 acres. Those are the two biggest things that we saw as our detriment. We potentially missed out on millions of investments and jobs. We were very excited when the Rural Projects Act was approved last year in hopes that we could apply in 2022. We applied for the act on January 3. I think we're third or fourth in line. On that award, could help accelerate development of Blair South Business Park. It's a tract of land that we're hoping to develop into a multitenant, 200-acre rail-served site for advanced manufacturing and distribution of the industrial park. The match requirement for the Nebraska Rural Projects Act will be spent by Gateway Development the first one to two years of the transfer-- transformational period. We will focus on land acquisition, as the current landowner wants to sell all the property at once, and we will-- so Gateway will buy and split the property and then start securing the rail access for the industrial park; so the spur, the track, the run-around, the infrastructure and everything like that. The cost will easily surpass the requested amount of \$8 million, plus our match is \$3.1 million in the first couple of years. Up-front funding for the potential and additional funding for the program will help give Nebraska a stronger advantage when competing for rail RFPs. Since I started in 2019, and especially since COVID hit, more companies and businesses are having supply chain issues and are looking for ways to get to their customer quicker and Nebraska needs to have the ability to deliver rail sites and the necessity-- necessary infrastructure in a shorter timeline. If passed, LB788 will help front-load funds to the Nebraska Rural Projects Act. This position-- this will position Nebraska to respond to the global supply chain crisis and position ourselves as the solution to the problem. Again, we support LB788 in the effort we create a timely rail-served industrial park and other business opportunities in Washington County. I also believe there is some issues-- I'm echoing what Megan Skiles said earlier. I believe there are some issues with the interpretation

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of bill, LB40, which the Nebraska Department of Economic Development has interpreted as requiring an EDC to take possession of the land for it to be eligible for the Nebraska Rural Projects Act. This creates more complex transaction structures and ultimately drives up project expenses and wastes time for potential projects. I believe most EDC, EDCs cannot fund this type of venture and that will, that will stop many from applying for this-- these funds. I would also request that the Senate review the statutes regarding this issue. Thank you and I'd be willing to answer any questions you might have.

**STINNER:** Very good. Questions? Seeing none, thank you.

**MICHAEL ROOKS:** Thank you.

**JONATHAN JANK:** Good afternoon. Chairperson Stinner and members of the Appropriations Committee, thanks for the opportunity to present. My name is Jonathan Jank, J-o-n-a-t-h-a-n J-a-n-k. I serve as the president and CEO of the Seward County Chamber and Development Partnership, or SCCDP. The SCCDP is the sole combined chamber of commerce and economic development organization in Seward County, with a standing membership of about 280 public- and private-sector business partners. I am also an active member of the Nebraska Economic Developers Association, or NEDA, and chair their scholarship committee. Additionally, I am the immediate past president of the Nebraska Chambers Association, a statewide network of chamber of commerce professionals. I would like to go on record and enter this written testimony in support of LB788, a bill that would help stimulate the economies of rural communities across the state by providing economic development funding to develop industrial rail-access business parks. Since 2010, the city of Seward has been working on the development of the Seward/Lincoln Regional Rail Campus or the rail campus, a 300-acre rail served greenfield industrial property. The city of Seward partners with our organization to help promote and recruit business and industry to the campus. The rail campus abuts the BNSF railroad mainline, sits approximately four and a half miles north of Interstate 80, and is in a central location that has the potential to tap into a workforce of over 500,000 Nebraskans in our region. As designed, the rail campus master plan intends to construct a full rail loop suitable to accommodate an entire unit train to fit in the site. The first rail campus tenant, Petsource by Scoular, a freeze-dried protein pet food manufacturer, arrived in 2019. As with any large-scale industrial site, the costs and risks are high for development. To make the rail campus attractive for prospective tenants, Seward worked with a grant program through the Nebraska Department of Economic Development to conduct due diligence

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on the land. Seward has also invested millions of dollars in site development, infrastructure improvements, and extensions. These extensive city investments and planning efforts led to Petsource by Scoular investing over \$50 million and creating 100 new jobs at the rail campus. Recently, Petsource announced plans to invest an additional \$75 million and create an additional 80 jobs by early 2023. Despite the relative success of the rail campus, infrastructure and other development costs remain high with-- which hamper the site from reaching its full potential. This is the situation in many rural communities across the state. Whether a community is more suited to take on a project like the rail campus or not, high-cost and high-risk development projects create challenging situations which often result in rural communities struggling to recruit private-sector developers to their communities. This is where creative industrial site development funding tools such as the program revised in LB788 come into play. Between LB840, tax increment financing, and ImagiNE Nebraska Act, the state has witnessed time and time again the success of robust and unique incentives programs. The program, as proposed in LB788, will build upon the past success of these economic development incentives programs while serving to recruit and/or expand businesses in rural communities across the state. As proposed, LB788 would provide further funding to and ease the restrictions for many communities looking to expand their local businesses and industrial parks needing rail access. In turn, these communities also become more competitive in statewide business recruitment efforts. In Seward specifically, LB788-- the LB788 program would give the community a better chance to help with site acquisition and preparation, continue infrastructure extensions and improvements, and to begin rail loop construction at the rail campus. If rural communities want to compete with a growing national and global economy, economic industrial site development funding programs must continue growing and become more creative and intentional. LB788 will reinforce an important economic development tool designed to help diversify and strengthen rural economies, which will boost the state's economy. We urge the Appropriations Committee to support LB788 as proposed and ask that you request your colleagues from across the state to do the same. Thank you for your time and consideration.

**STINNER:** Senator Kolterman, would you like to speak?

**KOLTERMAN:** No, thank you.

**STINNER:** OK.

**KOLTERMAN:** I already know about this.

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**STINNER:** OK. Any additional questions? Thank you very much.

**JONATHAN JANK:** Thank you.

**STINNER:** Good afternoon.

**BETH BAZYN FERRELL:** Good afternoon. Chairman Stinner, members of the committee, for the record, my name is Beth, B-e-t-h, Bazyn, B-a-z-y-n, Ferrell, F-e-r-r-e-l-l. I'm with the Nebraska Association of County Officials and I'm appearing in support of LB788. NACO supported LB40 last year as an economic development opportunity for rural areas and we support the proposal that Senator Groene has brought today. It sounds like an excellent opportunity that has exceeded the expectations from last year and we just wanted to register our support of it. I'd be happy to answer questions.

**STINNER:** Well, thank you. Questions? Seeing none, thank you very much. Any additional proponents? Seeing none, any opponents? Seeing none, anyone in the neutral capacity? Seeing none, Senator, would you like to close?

**GROENE:** Thank you, committee. As you see, we've-- we have a gym out there in rural Nebraska and we have something in Nebraska we took for granted, called one of the best railroad systems in the world, the heart of it, and we just watch the trains go by and haven't fully accessed what would help our economy. All we thought about was grain and coal. We have communities out there looking to grow. Senator Hilkemann, up to a few-- over the last ten years or so, the UP railroad, due to efficiencies and productivity, has shed over 2,000 jobs in North Platte, which is an indication that if good jobs-- good-paying anchor jobs for a family are available, people will come. They will come to those jobs, they will migrate to those jobs, and that's the type of jobs we're talking about here in rural communities, manufacturing jobs. Senator Kolterman, appreciate your TIF question, but more importantly, we two worked together on the Imagine Act when my idea was to create a rural, rural manufacturing tier. It's one of the pieces of the puzzle that I imagine that would help rural Nebraska attract manufacturing facilities for smaller-size companies, which that tier-- last I heard, of the six or so tiers, it has by far the most applications to the Department of Economic Development. Rural Nebraska is sitting there biting their tongue trying to grow and for too long-- I'll blame myself. Rural senators came down and thought about two things: property taxes and water. And we have elected to go after the economic development that we so-- this state so sorely needs to expand rural Nebraska and what fits in rural Nebraska is the same

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people elected me, people who wear blue jeans to work: manufacturing, agriculture, the railroad. Those folks will move to rural Nebraska if they, if they have an anchor job for their family. So what-- I would appreciate expediting the funding because the op-- all the stars are lined up with the situation in the country. Companies are willing to come here. Communities are willing to invest. As Senator Stinner knows, we just don't have the money out there in rural Nebraska to do it ourselves. We need some investment by the state. Thank you.

**STINNER:** Questions? Senator Wishart.

**WISHART:** Well, thank you, Senator Groene, for being here. North Platte is lucky to have you fighting for them in terms of economic development like this program.

**GROENE:** Let's clarify; Lincoln County.

**WISHART:** Lincoln County. One of the questions I have is on page 3, it says, the State Treasurer shall transfer any money remaining in the fund after all obligations under this act are-- have been met and so it will transfer back to the General Fund. Just wanted to think through your, your thought process on that. My understanding is this is your last session--

**GROENE:** Yes.

**WISHART:** --as a senator, so, you know, moving forward, there will be a whole new class of senators. And sometimes when we see these programs, they start up and they're really exciting and then they get lost in the shuffle as you have turnover. So just wondering why transfer that back? Why not keep those funds there for, for the next opportunity?

**GROENE:** I will, I will admit that's my error because my original language was fund to \$50 million, all right? And then if the ten-year period showed up within law, it wasn't used, it was common sense to transfer it back. But then it caught my eye, why, why sit there and say no more than \$50 million? Let's change it; no less than \$50 million. When I did that, I should have reread the bill and deleted that section.

**WISHART:** OK.

**GROENE:** But it was human error.

**WISHART:** OK.

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**GROENE:** It can be deleted. I'd gladly delete that section now if we get no less than \$50 million. If it stays at \$50 million, it probably needs to stay.

**WISHART:** OK, great. Thank you.

**STINNER:** Additional quest-- Senator Clements.

**CLEMENTS:** Thank you, Mr.-- Senator Groene. There was people testifying that said we were the first, second, or third application. How are applications treated? Are they going to be prorated or the first one gets fully funded and the next gets something?

**GROENE:** That's the way it works. When we introduced this bill, it was originally-- and someone on the Revenue Committee said, well, this is for North Platte; let's just do North Platte. I expanded the bill from \$30 million to \$50 million and limited to 30 thinking the only community that was, that was shovel ready and would apply would be North Platte and that other applications would come in later. But it just absolutely amazed me that Fremont, Grand Island, and Blair were able to throw proposals together and Seward and then there was Falls City, I thought, was going to be here, but they were biting their tongue too trying to get there. So the original thing was North Platte was going to get funded and then other applications would come in and get the other \$20 million. But the total applications have, have applied for \$73 million already and we've only got 50, so--

**CLEMENTS:** Lincoln County is \$30 million?

**GROENE:** Yeah.

**CLEMENTS:** Their request is--

**GROENE:** So what we did, first come, first serve, and the rationale was they were ready to go. And, and the rationale was also that if they were ready to go, we need to get building. We need to have the funding. The-- it's not a cheap endeavor to start putting rail park in and the first influx of money in North Platte would be to buy the land, buy the land, buy the Greenbrier facility, and, and then putting infrastructure in. You got to start somewhere and you got to have money to do that before we start grading it, but anyway.

**CLEMENTS:** Thank you.

**STINNER:** Additional questions? Seeing none, thank you, Senator.

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**GROENE:** Thank you, committee, been interesting. I get to come back one more time before I leave.

**STINNER:** That concludes our hearing on LB788. We'll now open with LB1032. Senator McDonnell.

**McDONNELL:** Thank you, Senator Stinner, members of the Appropriations Committee. My name is Mike McDonnell, M-c-D-o-n-n-e-l-l. I represent Legislative District 5 in south Omaha. LB1032 will appropriate \$3 million for fiscal year '22 and '23 to the Department of Economic Development for the program 603 for the Site and Building Development Fund to provide for industrial development of a site in Sarpy County. This project site is roughly 863 acres and began operation as a chemical nitrate production plant in 1954 and was shuttered and abandoned in 1998, when production was moved to the country of Trinidad. Hundreds of well-paying local jobs were eliminated, the tax base for the area collapsed, and the site was-- remained blighted and under-- and unutilized for 23 years. It has been a key redevelopment location since then. Up until the last several years, the owner of the site was reluctant to sell this area in order for it to be redeveloped and brought back into a productive use for Bellevue, Sarpy County, and the state of Nebraska. Multiple attempts have been made over the last 23 years to develop the local units of government and purchase the site for cleanup and redevelopment. Due to the scarcity of large tracts of land in the Omaha metro area, the site has been identified by the Omaha Chamber of Commerce and the Sarpy County Economic Development Corporation as the last flat site in the metro area and the top priority for development. In fact, in 2020 alone, there were 12 projects that had identified this site as their number one location to expand to build their operation, which, as realized, would have generated \$1,237,000,000 worth of capital investment and 3,660-- 3,468 jobs. Furthermore, the site, in its current abandoned and dilapidated condition, generates roughly \$143,000 in property taxes per year for local taxing authorities. However, if just the western and developable portion of the site was developed, the property tax collection would increase at a-- at least nine fold to \$1.2 million per year. This is something that Senator Rita Sanders had worked on as mayor of Bellevue and she is a cosponsor of this bill. The city of Bellevue, Sarpy County, Sarpy County Economic Development, Nebraska Department of Econom-- Environmental and Energy, Department of the Air Force, Offutt Air Force Base, Congressman Jeff Fortenberry have also expressed support and financial contributions to coordinate and partner with a private developer to, to purchase the entire site for this effort. Due to the presence of the natural wetlands and some environmental concerns, the lowland area of this property would be prohibitively

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expensive to develop due to regulatory compliance, wetland mitigation, and the filling of the area to make it suitable for a build-out. This, however, makes the site an ideal location for a public-private partnership to get this land developed and back into productive use. So my district, Legislative District 5, runs and, and butts up to the city of Bellevue. Working with Senator Sanders on this and, and learning a little bit of history, I was approached by a developer and, and told me that this possibly could be the right time. Talking about the number of jobs in-- and in the Omaha area, the metropolitan area, Bellevue area, this piece of land is just-- you just can't find other areas like this. Now, the idea of the-- how expensive it is, based on what we talked about with the wetlands and the prohibitive cost, we would be able to develop roughly 300 acres of this land. So right now, there hasn't been any one that has contacted us that's in opposition. But again, the amount of jobs we can bring in, the partnership potentially with that private-public partnership, I think, is what needed to push this forward. And again, it's been sitting vacant for 23 years.

**STINNER:** Any quest--

**McDONNELL:** I'm here to answer your questions.

**STINNER:** Senator Erdman.

**ERDMAN:** Thank you, Senator Stinner. Thank you, Senator McDonnell. Is this the parcel that the NRD is trying to develop?

**McDONNELL:** The NRD doesn't develop this land, but the NRD has been involved in discussions. Who I was approached by was the developer and then worked on it with Rita Sanders, so the NRD is not developing anything as far as I know.

**ERDMAN:** Well, when we had a hearing this fall, this winter on the NRDs, Papio came in and they had a ex-- had an explanation of this property and there were eight letters of support and of the eight letters, they were all addressed to the NRD except two.

**McDONNELL:** I don't think I could answer--

**ERDMAN:** So it is my understanding if they're sending the letters to the NRD to support this project, I would assume they're the developer.

**McDONNELL:** So the NRD is not the developer, but I believe the NRD was contacted based on people wanting to develop that land.



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**ERDMAN:** Well, when I--

**McDONNELL:** So I believe that's how they, they were involved. Who I was contacted by was one of the developers that was interested. Then I reached out to Senator Sanders because he had worked with her during her time as mayor on it.

**ERDMAN:** So when I asked the NRD if you're not the developer, who is, and after a few fumbling minutes, he finally said, I think it's Sarpy County. So I'm not real clear on who this is. So NRD owns some of this land, is that correct?

**McDONNELL:** If, if the developer who contacted me is willing to have his name public, I'll get you that name.

**ERDMAN:** But does the NRD own some of this land?

**McDONNELL:** That's what we're talking about, the wetlands. The wetlands would not be developed. You can't develop the wetlands. It's too expensive.

**ERDMAN:** Is that what the NRD owns?

**McDONNELL:** The part of the wetlands that they own, yes. I believe they manage the, the wetlands.

**ERDMAN:** So--

**McDONNELL:** That's what we're talking about, separating this through. The idea of having acres, out of that 800-some acres, 300 that can be developed. And that's why you have to have the private-public partnership.

**ERDMAN:** So then Game and Parks is going to manage the other 500 acres?

**McDONNELL:** No, I believe the, the-- Sarpy County, the city, the developer, that's the partnership that would come together for the, the 300 acres that we're able to develop.

**ERDMAN:** I think the NRD said something about having a partnership with the Game and Parks, so the land that's going to be the-- in the 300 acres, is it being cleaned up econom-- or environmentally?

**McDONNELL:** No. No, that's something that the county, the city, and the private developer would have to work on.

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**ERDMAN:** So if this is such a good deal, why hasn't some private investor done this?

**McDONNELL:** That's based on the idea that the cost prohibitive-- not the land that can be developed, but the idea of the wetlands and have to have that partnership.

**ERDMAN:** So why couldn't they have the, the, the state develop the wetlands and someone else, private money develop--

**McDONNELL:** I could just tell you that I haven't been working on this for 23 years, but other people have--

**ERDMAN:** OK.

**McDONNELL:** --and that hasn't happened, so that's why--

**ERDMAN:** So will there be somebody behind you that can answer those?

**McDONNELL:** There's not going to anybody-- well, I shouldn't say-- I, I can't, I can't say that there's going to be anybody behind me that can answer that.

**ERDMAN:** OK.

**McDONNELL:** I will-- I can get you more information later if there isn't, so.

**ERDMAN:** It's just kind of peculiar to me to see, if it's not economically feasible for some private investor, why it's good for the state.

**McDONNELL:** No, there is, there's the-- on the private side, they're saying we can do this and we can generate jobs and we can generate property taxes. It's been sitting vacant for 23 years, but we need your help and we need that partnership because so much of the property is wetland that they can't do anything with.

**ERDMAN:** OK.

**STINNER:** Senator Hilkemann.

**HILKEMANN:** Perhaps I missed in your testimony, where is this property located?

**McDONNELL:** It's in Bellevue and originally, it was opened up as a plant in 1953 and shut down 20-- 1958 and shut down--

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**HILKEMANN:** Pulling up--

**McDONNELL:** --23 years ago.

**HILKEMANN:** Pulling up the Bellevue map, where in Bellevue approximately?

**McDONNELL:** I'll have to get you the exact location.

**HILKEMANN:** OK. All right, thank you.

**STINNER:** Senator Clements.

**CLEMENTS:** Thank you, Senator Stinner and Senator McDonnell. You know, I'm familiar with this. Wasn't this the Acadian fertilizer company?

**McDONNELL:** I, I believe that's--

**CLEMENTS:** They go down-- they touch the Platte River and north of the Platte River-- just north of Plattsmouth. The town of La Platte is in this area.

**HILKEMANN:** Oh, a ways down.

**CLEMENTS:** My, my question is the \$3 million, is that for cleanup of the environment from the fertilizer plant or do you know what it's for?

**McDONNELL:** Well, through the program for the Department of Economic Development, I believe it can be used for cleanup. I'm not saying it's going to be because the city is going to have to come up with-- and the county also finances to help out with this-- with the private money. And I believe you're correct because I, I believe it was opened-- the history, it was opened in 1954 and it was a nitrate-- I believe that's, that's the name of the plant and you're accurate on that.

**CLEMENTS:** I think so. And the four-lane highway from Plattsmouth north into Omaha, Highway 75, goes right on, on the west edge of this, I believe, which does give them good transportation access.

**HILKEMANN:** Ah, OK.

**CLEMENTS:** Thank you.

**STINNER:** Additional questions? Seeing none, thank you.

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**HILKEMANN:** So this is--

**STINNER:** Additional proponents? Seeing none, any opponents? Seeing none, anyone in the neutral capacity? Seeing none, would you like the close, Senator?

**McDONNELL:** Unless there's any questions, I'll waive closing.

**STINNER:** I don't see any. Thank you very much. That concludes our hearing on LB1032. We'll now open up on LB1071. Senator Williams.

**WILLIAMS:** Running from one hearing to another. I think we all know what that is like. Good afternoon, Chairman Stinner and members of the Appropriations Committee. My name is Matt Williams, M-a-t-t W-i-l-l-i-a-m-s, from Gothenburg, representing Legislative District 36. I'm here today to introduce LB1071, which would appropriate \$30 million in General Funds to provide for additional rounds of grants under the highly successful Rural Workforce Housing Investment Act. Over the past several years, Nebraska has been battling the issue of workforce shortages. It is estimated that there are over 50,000 unfilled jobs and only 20,000 people seeking employment. This was a problem before COVID and now it has even gotten worse. In addition to a worker shortage, we have also had a significant shortage of available workforce housing. Again, with COVID, we have seen increased building costs, supply chain delays, and fewer contractors, amplifying this problem. We clearly have a continuing need, particularly in our rural areas, for workforce housing. We have a proven method of addressing this need through the Rural Workforce Housing Grant Investment Act. In 2017, most of you will remember that we passed LB518, which created the act and used \$7 million from the Affordable Housing Trust Fund. In 2018, DED awarded the \$7 million in grants to 14 different nonprofit development companies across the state to fund housing projects in rural areas. By 2021, over \$110 million had been spent on brick and mortar and had been invested in our rural workforce housing program, resulting in over 800 housing units built across the state. All of those houses are on the property tax rolls. The builders and the realtors and everybody else paid income tax and also the materials were subject to sales tax. So that little \$7 million investment that we made is still a huge success. The program was originally oversubscribed, so we, we stepped up again in 2020 and appropriated \$10 million, this time of General Funds, to do a second round of grants through the program. Again, the program was fully subscribed and I believe 17 awards to nonprofits, again across the state, were granted. Because most of the projects are using a revolving fund arrangement, which keeps the local program growing,

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it's simply the gift that keeps giving, meaning those grants continue to grow, continue to build housing in each of those programs. This program has been one of the most successful DED programs ever. They estimate a 15-to-1 return now and continuing to grow. This program has allowed us to build hundreds of houses across rural Nebraska. Today, we are back asking your help to continue this program because we still have a continuing need. This year I've introduced three bills; LB1069, LB1070, and today, LB1071 to give us the flexibility to use a combination of ARPA dollars as they qualify and also couple that with some additional General Fund dollars. Use of ARPA dollars are complicated in several manners and no one knows that better than this committee. The question that we have been wrestling with is can ARPA dollars be used in a revolving fund type program? I will tell you, we do not have a definitive answer for that yet at this point. We are still working on that. The second issue we have is the time restraints on ARPA dollars that you're aware of. They must be spent in a very short timeline and that may not satisfy the longer-term needs of the rural workforce housing program that we're looking at with the combination of these bills. Now that DED has operated this program for a number of years, we have discovered a few changes that we believe will enhance and improve the program. During the summer and fall, we held several stakeholder meetings with people that are using the program and also with DED staff. The suggested changes are included in LB1069, which is scheduled for public hearing with the Business and Labor Committee next week on February 14. Several of these changes are cleanup and technical in nature, there are, however, a few substantive changes and I would let you in on those right now. The first definitive change or substantive change is the definition of "rural workforce housing" is increased so that the limit for an owner-occupied home could be up to \$325,000 and rentals up to \$250,000 per unit. We have clearly seen through the period of time, especially with COVID, a significant increase in, in the cost of building and many of our participants in the program have been really struggling finding a way to build a home under the current level of \$285,000. Second thing that is substantive, it extends the program through fiscal years 2026 and 20-- to 2027. That's a five-year period and the funding that we are asking for here, we believe, would fund the program for that entire period of time over that. The current program is set to end at the end of the fiscal year that we are currently in. Number three, it lowers the match. What we have discovered, the one-to-one match has worked really good in some of our larger, more affluent communities. Some of our smaller communities have struggled to do-- to find enough local money to match at the one-to-one level, so we're proposing to lower that match to a 50 cent-- 50 percent

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match. We think that makes us more appealing to some of our smaller communities, yet it still maintains a significant amount of skin in the game for those communities. The other thing and the final thing substantively that LB1069 does is it lowers the standard of financial oversight from an audit to a financial review. Again, we have run into situations with the requirement initially of an audited financial statement, that we don't have enough auditors out there to do this work and it's a fairly significant cost to some of the people. I wanted to highlight just very briefly the fiscal note that you see on this. You will notice that this fiscal note looks a little strange and that fiscal note will be fixed if we pass LB1069, which I mentioned, because right now, the, the program ends at the end of '21-22 and that makes the fiscal note screwy. So it would be a straight \$30 million fiscal note without that. I wanted to just again highlight that this program has been significantly successful and we continue to have this need. So through the use-- and, and you will also hear when it is scheduled-- I think it's on the 17th or it's coming up at some point in time, the LB1070. We're requesting \$20 million of the use of ARPA funds for that portion, so we'd have \$50 million total to use over this five-year period of time. And we believe the combination of using the portion of ARPA funds directly for infrastructure development and using the General Funds for the revolving portion of this, we have an arrangement working with DED. They're able to handle this, they believe, with one application from a nonprofit development corporation. And then they can allocate the dollars out to that by using either from the ARPA bucket that they would be awarded or from the General Funds bucket. So I think we have a combination there that, that makes great sense. So I would be happy to answer any questions about the program and the success of the program. Again, over this period of time, building that number of homes has really been beneficial, but we need to continue doing more. There will be a small group of testifiers behind me that can talk about specific things, but I would be happy to attempt to answer any questions that you would have.

**STINNER:** Any questions? So the way the bill stands right now, the \$30 million would go right directly to the Department of Economic and Economic Development--

**WILLIAMS:** Yes.

**STINNER:** --as opposed to this fund that you're now trying to extend the life of. It's-- does that mean that you're going to come back and modify this if that passes?

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**WILLIAMS:** Yes.

**STINNER:** OK.

**WILLIAMS:** We, we would-- Senator Stinner, we would modify the amount. The amount here, the, the, the \$30 million, would refund or re-add to the Rural Investment Act that we currently have. LB1069 extends that act till the 2026-27 fiscal year.

**STINNER:** OK.

**WILLIAMS:** And DED would go through a process of awarding grants on an annual basis.

**STINNER:** And if that doesn't happen and this has to stand alone, then the-- we have to provide for administrative costs for DED to administer the \$30 million, so.

**WILLIAMS:** That is in LB1069.

**STINNER:** Right.

**WILLIAMS:** That's already in the act itself that LB1069 would--

**STINNER:** Yeah.

**WILLIAMS:** --extend. And that's, again, why the fiscal note is-- has that language in it.

**STINNER:** Yes. Senator Erdman.

**ERDMAN:** Thank you, Senator Stinner. Thank you. Senator Williams. Senator Williams, then a, a \$325,000 house, what kind of a grant would be allocated to that house?

**WILLIAMS:** There, there's no grant necessarily allocated to that house. I think, I think there is a misconception that there is a subsidy going on here to either a builder or a realtor or something like that. What this does is it facilitates the whole building of a housing district or area. So an example would be community of Gothenburg last year applied for an \$850,000 grant, which they received and matched that, so they had \$1.6 million. They then can use that to acquire the real estate, do the infrastructure that's needed in that, and pay for that. Then they can hire a contractor to build a house, contractor builds that house, then they hire a realtor to sell the house. When they sell the house, they-- and it's market value-- they're-- the, the

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purchaser of the house isn't getting, in that case, anything like down payment assistance or anything. They're just buying the house for whatever market value is. That money then comes back to the nonprofit development corporation. In the case of Gothenburg, that's-- Gothenburg Improvement Company is the name of the group. They have that money to then go and do it again. And so right now in Gothenburg, there's five or six houses under construction right now through the winter that are doing that. So it-- the, the grant itself doesn't go specifically the way they're doing it. Now, there has been one project out of all the projects that has-- have been done so far that I'm aware of where the recipient of the grant, the community that got it, actually used it directly for down payment assistance to, to somebody buying a house. But I think they found out quickly there was a better way to do that through this revolving fund.

**ERDMAN:** So then, as those funds revolve then, that would replenish the-- that money can continue to turn over.

**WILLIAMS:** That's right.

**ERDMAN:** So this \$30 million that you're going to do now is going to develop more of those economic development communities.

**WILLIAMS:** Yes, yes. My guess is, and I, I don't know this for sure, but the communities that have already received an award-- and I will-- again, I'll use Gothenburg as an example. I doubt if they would apply for an additional because they've got a fund now that they're using that just simply revolves. And if, if a community the size of Gothenburg could build five, six, seven houses a year with this program, keep re-- doing that, that would be a tremendous benefit for them. I think the thing that changes with this a little bit with lowering the match is that smaller communities that we talked to this summer that-- just on a competitive nature of the grant program, they just couldn't feel like they were competitive against some of the smaller-- other small communities.

**ERDMAN:** Thank you.

**STINNER:** Senator Clements.

**CLEMENTS:** Thank you, Senator Stinner and Senator Williams. Did this come about because builders no longer want to build a spec house and need somebody else to take the risk on of the initial building?

**WILLIAMS:** I think, I think you don't have a developer that is willing to take on the whole risk of an area like this. You know, buy the raw



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piece of land, put in the streets, water, and sewer, and in a small town, only be able to sell half a dozen lots a year on a project that might have 50 lots or something like that. And this program takes the place of that and reduces that risk going on the private side. And, you know, when, when I say-- when I go back to Senator Erdman's question about selling those homes, not every one of those homes is going to sell, probably, for quite what you've got it in. I mean, that's what happens with a, with a new house. So they could be a little short. In this case, that just-- would just eat up just a little piece of that, the grant that they received. And remember those communities, like I've cited, they've matched that state money at least one to one to start with, with their own funds. So they don't want to lose that if they don't have to.

**CLEMENTS:** Yeah, that's, that's why I asked the question. I thought there might be a shortfall occasionally. And--

**WILLIAMS:** Yeah.

**CLEMENTS:** --also, there is not interest on a-- a debt running until the house sells--

**WILLIAMS:** Right.

**CLEMENTS:** --because it's cash funded, the building of it is, right?

**WILLIAMS:** Takes that risk out of it. The, the-- one of the beauties of this fund, and, and you may hear this from one of the testifiers, is the flexibility that the nonprofit has in how they want to do this and that's the-- and, and also because of that and not tying the-- some, some of the federal requirements, you don't have to meet some of the federal requirements if this was a federal project. You know, the EPA issues the, the situations with Davis-Bacon, contractors, and those kind of things.

**CLEMENTS:** Thank you.

**WILLIAMS:** Yep.

**STINNER:** Senator Erdman.

**ERDMAN:** Maybe one more quest-- thank you, Senator Stinner. Maybe one more question. So if I'm a private contractor, I can't compete with this. It's difficult for me to go buy a piece of land and put a piece of property or build a property on there and sell it if I'm competing with a government agency, do you think, think that's true?

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**WILLIAMS:** I don't-- I wouldn't call it competing with a govern-- government agency. And it's-- is, is those local contractors that are getting hired to do the work and still building the thing. What we don't have in most of our local rural communities is the developer that's willing to take the risk of the whole project on. The contractors, for instance, in the projects that I'm aware of, are still using the local plumbers, electricians, all those kind of things. And the realtor is involved because they're hiring them to sell the house at the end of the-- when, when it's built.

**ERDMAN:** But if there were somebody who wanted to do that on their own, it'd be a difficult time to compete with that.

**WILLIAMS:** I, I'm not sure I would agree with that.

**STINNER:** Any additional questions? Senator Dorn.

**DORN:** Thank you, Chairman Stinner. Thank you for being here, Senator Williams. The \$7 million that was originally allocated and then the \$10 million-- I missed that-- is being turned over or reused or whatever. About how long is the money out before it's, I call it, reused?

**WILLIAMS:** The, the original bill, LB518, required that once the grant was awarded, the nonprofit development company had to spend the money within the two-year period of time. So it had to be spent within a two-year period of time. If it was not spent within that two-year period of time, they had to return the money to DED and it would have been returned to the Affordable Housing Trust Fund because that's where that money came from. There's been no money to date turned back. So I think the answer is in the proof that it's, it's been used that way. That does point out one thing that we are also having to clean up. When we redid this bill in 2020, we did not catch the fact that any money that was unused and came back to DED-- under the current legislation that we're dealing with, the money would go back to the Affordable Housing Trust Fund even though the \$10 million was General Funds dollars. It didn't come from the Affordable Housing Trust Fund. So we're fixing that with LB1069 that's in Business and Labor because if there is something that comes back, it certainly should come back to where it came from and that's what would happen with this \$30 million.

**DORN:** And all the previous \$7 million and \$10 million, that's all been allocated out?

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**WILLIAMS:** It's all been allocated out. The second time, you know, the money has not all been spent yet because it's too soon. They-- we passed that in 2020. The grants were awarded in 2021 and, and paid out and those, those projects are just getting built right now, so.

**DORN:** Thank you.

**STINNER:** Any additional questions? I just have a couple and, and some of it has to do with appraisals. Are we having problems getting appraisals in these small towns?

**WILLIAMS:** Yes, I will tell you that as a banker. We're getting problems having appraisals and appraisals that appraise what things are costing, especially on new construction--

**STINNER:** OK, so there's literally--

**WILLIAMS:** --meaning you build a new house and you've got \$300,000 in it and an appraisal comes in at \$275,000 or less.

**STINNER:** So that could deplete some of the funds that are out there, which may necessitate maybe another--

**WILLIAMS:** Yeah.

**STINNER:** --dose of funds to come in where they could match it.

**WILLIAMS:** Yeah.

**STINNER:** How fast are the houses turning over, as a general rule? Do you--

**WILLIAMS:** You mean, how fast are they selling?

**STINNER:** Yes. Once you went to it, you build it, it's on the market, how, how--

**WILLIAMS:** We, we've seen everything from houses that have been sold before the carpet is laid to houses that have sat there for a few months. I don't know of anything that's gone beyond, in my, in my-- that I know of that's gone beyond a few months. Somebody behind me might be able to answer that.

**STINNER:** But somebody is tracking it across the state so we know?

**WILLIAMS:** Yeah.

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**STINNER:** OK. Any additional questions? Seeing none, thank you.

**WILLIAMS:** Yep.

**STINNER:** Good afternoon.

**RYAN McINTOSH:** Good afternoon, Chairperson Stinner, members of the Appropriations Committee. My name is Ryan McIntosh, R-y-a-n M-c-I-n-t-o-s-h. I appear before you today as registered lobbyist on behalf of the Nebraska Bankers Association. Channeling these funds to the Rural Workforce Housing Investment Act will allow the state to continue to address the housing and workforce shortages throughout the rural areas of Nebraska. Prior to legislation being introduced in 2015, the Nebraska Bankers Association Board of Directors created the Next Generation Housing Task Force to address the shortage of both available labor and workforce housing across Nebraska, particularly in the rural areas of the state. At that time, it was evident to the task force that many communities were falling behind in their efforts to maintain, develop, and construct the housing required for employers' workforce needs. A series of legislative proposals, including Rural Workforce Housing Investment Act and measures relating to property tax assessments and tax increment financing for housing unit construction, were initiated as a result of information shared by the task force with legislators. I won't repeat all the statistics that were quoted to you by Senator Williams, but we do believe that the continued investment in the rural workforce housing program has made an incredible impact in growing Nebraska's housing inventory. Workforce housing remains a top priority and more needs to be done in many communities across the state. The funding proposed under LB1071 will prime the pump and continue to allow communities to meet housing needs of individuals moving into or within the state of Nebraska to fill many job openings. Many communities in Nebraska have far too few houses on the market for the job openings that they're needing to fill within their communities. The success stories related to the Rural Workforce Housing Investment Act are many and great and the return on investment from this program continues to be great. We encourage the committee to appropriate the additional funds requested for this worthy program and would ask that LB1071 be advanced to General File for full consideration by the Legislature. With that, I'll conclude my testimony and be happy to answer any questions.

**STINNER:** Thank you. Questions? Seeing none, thank you.

**RYAN McINTOSH:** Thank you.

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**STINNER:** Good afternoon.

**ANDREW DUNKLEY:** Good afternoon. How are you?

**STINNER:** I'm OK, but you better be careful. You might--

**ANDREW DUNKLEY:** I better watch my step. Chairman Stinner and members of the Appropriations Committee, thank you very much for having me. My name is Andrew Dunkley, A-n-d-r-e-w D-u-n-k-l-e-y. I'm the director of state governmental relations with the Nebraska Farm Bureau. I'm here today on behalf of the Farm Bureau members to support LB1071. In addition to the Nebraska Farm Bureau, I'm also testifying on behalf of the Nebraska Cattlemen. Nebraska Farm Bureau policy states that we support tax incentives for rural communities to fund housing-- to help find housing, specifically rural, rural housing. The grants that will be provided by this legislation will accomplish the goal laid out by the Farm Bureau and that is to increase workforce housing in rural areas. Farmers and ranchers throughout the state rely on small communities to provide services. Oftentimes, workforce for those services and farm and ranch work itself cannot be found in certain rural areas of the state. This grant program will give a jumpstart to projects throughout the state that allow the food producers we rely on in rural areas to have basic services and an employee base. I want to add that we thank Senator Williams for, for his leadership on, on this topic that he's shown over the last several years and, and he, he and others have gone over the success of these programs. Workforce housing is a huge priority for the Nebraska Farm Bureau and this committee-- as this committee weighs in on the various options that you have when you address workforce housing through ARPA funding, we want to let you know that the agriculture-- agricultural community wants to work with you on, on exactly what that looks like and as you come to a final decision on what, what to-- what to pass up as far as workforce housing goes. But I'm thankful for your consideration and I, I will try to answer any questions you may have.

**STINNER:** Any questions? Seeing none, thank you.

**ANDREW DUNKLEY:** Thank you.

**STINNER:** Good afternoon.

**CLIFF MESNER:** Chairman Stinner, members of the committee, my name is Cliff Mesner, C-l-i-f-f M-e-s-n-e-r. I'm from Central City, Nebraska. My wife and I are the owners of Mesner Development Company. We do affordable and workforce housing across the state. We're doing our

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eighth and probably our ninth rural workforce housing project, so we're fairly familiar with how these funds are used. We've used them differently in every community that we've gone. We are doing projects that simply would not have been done without these funds. Housing in the state is more critical than ever. If you watch the Blueprint Nebraska process, you have 16 industry councils. They all got together in one room and said, what's the number one priority? And they said it's housing. We can't develop workforce if we can't develop housing and we can't develop new industry if we don't have a workforce. It always kept rolling back to housing. It's become even more critical now because we have increasing costs and we're soon seeing increasing interest rates and that's going to make it that much more difficult to get housing. We've been doing projects with government funding for 30 years and this is by far the most effective program I've seen for workforce housing in the state. If you compare this, for example, with low-income housing tax credits, this year, there were only 24 units awarded-- new units awarded west of Lincoln. That's just simply isn't going to cut it as compared to Senator Williams' 800 units that he quoted on this package here. It's an incredibly important and valuable project. There's two things that I wanted to stress to you today. One is that we still have communities out there that are raising money. Some of them are communities that didn't feel that they could compete before, but now, when they think there's a possibility that this will be an ongoing program, they're starting to put their funds together and saying, well, if we don't get it this year, we'll still have the money. We'll apply next year. And they're starting to push that. So there are communities out there. I've spoken with five of them in the last three weeks, so they know it's a possibility and they're working at it. The second thing that I think is really interesting is what's happening with the employers because employers are starting to see this as an avenue that they can use. We have good employers in the state that have been good corporate citizens and wanted to participate in helping with workforce housing, but didn't really feel that they knew how to do it or have an avenue to do it. What they're seeing with this program is a local program that has state guidance and they like that and they're starting to participate in it. Let me give you an example. In Schuyler-- Schuyler has done two rounds. They did the first round and they went to Cargill and they twisted their arms and said, would you put some money in? And Cargill finally agreed to put \$200,000 in. That was some money they thought they owed back to the community anyway. When the second round came around, they went back to Cargill and said, is there any chance you would put some more money in? And Cargill said, let's look at the housing. They went and looked at the housing and Cargill said we'll put up \$500,000 this time. So

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they put-- went from \$200,000 to \$500,000 in an attempt to be part of the solution, an attempt to do their part to help out. Last week, I was working with a large employer in the western part of the state and we were talking about using this program. And I said, do you need some help from us talking about how to raise the money? And their response essentially was no, we're the largest employer. We'll, we will be the largest contributor. We will contact the people in town and raise the money. So now you have employers stepping up and trying to be good corporate citizens and helping with a problem that is, is critical to them and is, is-- and they're part of the problem. They want to be a part of the solution. So I think that's a real important development in this program. Senator Erdman, I might just respond. So far, we haven't seen this be a detriment to any local contractors in this environment. What we're seeing is everybody just needs to be involved and every contractor needs to be working. We did our project in Aurora and I said, you contact all the local people. We brought three outside contractors in and we just brought everybody and said, who has time to do the work? And the local contractor was building ten houses and we brought a contractor in from York to build 16 townhomes. And, and there were others that said, I'd love to do it. I just don't have time. So at least in this environment, it's not hurting any local contractors. I thank you for your time. I'll be happy to answer any questions.

**STINNER:** Any additional questions? Senator Dorn.

**DORN:** Thank you, Senator Stinner. Thank you for being here. You-- I think you said you've been at this pro-- using this program for a little while.

**CLIFF MESNER:** Yes.

**DORN:** Yes. What, what, what has happened to the cost of the houses? Originally, where, where was the cost at? I think Senator Williams mentioned that we're in the \$285,000 to \$300,000 now or-- talk a little bit about that.

**CLIFF MESNER:** It's, it's clearly moving and it's clearly being a problem. We're building a different product. We're building about a 1,500-square-foot townhome and we started selling those at \$189,000. And today, that price has risen to \$205,000, but we aren't sure what's going to happen. One of the groups that-- one of the people we sold a house to for \$189,000 just resold it for \$228,000. So the question kind of becomes are we going to sell them for \$205,000 and they resell it for \$228,000? My contractor doesn't want to do it that way. So we

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really don't know where it's going to be, but we've tried very hard to control the price. And, you know, we're not out to make the most we can on the, on the project. We're, we're trying to set what we're going to make and, and pass the money on through.

**STINNER:** Any additional questions?

**DORN:** Thank you.

**STINNER:** Seeing none, thank you.

**CLIFF MESNER:** Thank you.

**STINNER:** Good afternoon.

**KRISTEN HASSEBROOK:** Good afternoon, Chairman Stinner, members of the Appropriations Committee. My name is Kristen Hassebrook, K-r-i-s-t-e-n H-a-s-s-e-b-r-o-o-k, and I'm here today on behalf of the Nebraska Chamber to support LB1071. Part of building a strong economy is investing in place. That means ensuring we have the infrastructure to meet the current and future needs of businesses, meeting people's housing needs, and offering lifestyle options that help attract and retain talent. At the heart of quality of place are the localized and complex issues of Nebraska communities. And when the Nebraska Chamber went out over the course of this past summer and engaged community business leaders, they resoundingly told us that the number one community issue that they needed addressed was housing. Addressing these issues requires strategic partnerships with aligned organizations to scale up successful, successful initiatives. These private sector and nonprofit and public partnerships can foster collaboration and joint problem solving. That is exactly what the Rural Workforce Housing Fund has done across the state. You've heard the stories here today. That is why we're here to encourage you to put more resources into this successful program and continue its effective efforts. With that, I'd be happy to answer any questions.

**STINNER:** Thank you. Any questions? Seeing none, thank you.

**KORBY GILBERTSON:** Good afternoon, Chairman Stinner, members of the committee. For the record, my name is Korby Gilbertson. It's spelled K-o-r-b-y G-i-l-b-e-r-t-s-o-n. I'm appearing today as a registered lobbyist on behalf of the Nebraska Realtors Association and the HBAL/MOBA, which is Home Builders of Lincoln and Metro Omaha Builders Association, in support of LB1071. I don't want to repeat what Kristen said, but obviously housing is critical for economic development and keeping build-- keeping businesses in Nebraska, having them expand in



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Nebraska or, or having new businesses come here. I'm sure you've all heard the stories about businesses that have looked at Nebraska and one of the reasons why they haven't come here or have considered other locations is because of the lack of housing. I also want to thank Senator Williams for his dedication to this issue. He has been leading this charge for years and we couldn't thank him more. This is very important and I think it will be a great legacy for him. This project obviously has a proven track record and has been a prudent use of state funds. Senator Erdman, you asked the question about whether or not this is bad for competition with local contractors. I would say the answer is a resounding no because the local contractors are involved. Before this happened, local contractors struggled to be able to do workforce housing. I know one of our other clients worked with a number of contractors to actually do some workforce housing and the risks were very high because of the fluctuating cost of lumber, drywall, and things like that. It was very hard for those builders to assume any of the risk and so it was hard to find anyone that would do that. COVID made things even worse in that I would talk to some of the builders and I said, so what did you do when you have a contract to build a house and then all of a sudden, the cost of lumber and the cost of drywall quadruples? They ate all of that. They don't get to charge more for what they're building. They eat the charge-- the price of that and then many times when they're done building the house, the appraised value is actually less than what they have spent building it. So that creates a problem. Proj-- or programs like this help alleviate some of that. So with that, I'd be happy to answer any questions.

**STINNER:** Any questions? Seeing none, thank you.

**KORBY GILBERTSON:** Thank you.

**CAROL BODEEN:** Good afternoon, Chairperson Stinner and members of the Appropriations Committee. My name is Carol Bodeen, C-a-r-o-l B-o-d-e-e-n. I'm the director of policy and outreach for the Nebraska Housing Developers Association and our office is located here in Lincoln. I'm here today to testify in support of LB1071 and I will be brief. The Nebraska Housing Developers Association is a membership organization with over 70 members from across the state. Our mission is to champion affordable housing. It's our goal that Nebraskans of every income have the cornerstone foundation of a healthy and affordable home. Our members include both nonprofit and for-profit developers and organizations. We support the transfer of \$30 million from the General Fund to the Rural Workforce-- excuse me-- Housing Investment Fund, providing for this third round of funding and

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continuing the state of Nebraska's investment in workforce housing development. It's our hope that as the request potentially moves forward, that funds to support the administration of the program by the Department of Economic Development will be included and which the senator addressed in his opening with the-- LB1069. The people that will be working the jobs that are hopefully created by the Rural Projects Act, which we heard about earlier, they need decent, affordable places to live and it's our hope that additional funds in the Rural Workforce Housing Fund will provide these homes for these workers. I do want to say, prior to my position with NHDA, I was a nonprofit housing developer in North Platte and we-- the North Platte community was a very successful user of this program. And our nonprofit developer was able to add some additional homes as well on the rental side in the North Platte area and it helped us to complete a 12-unit rental development in the community that we may not have been able to have completed by this time without the use of the rural workforce fund. So I found them to be flexible and it was, it was a good program for the community. So I'm happy to answer any questions from the committee.

**STINNER:** Questions? Seeing none, thank you.

**CAROL BODEEN:** All right, thank you.

**STINNER:** Good afternoon again.

**GARY PERSON:** Good afternoon again. Senator Stinner, Appropriations Committee and members, Gary Person, P-e-r-s-o-n, president/CEO of the North Platte Area Chamber Development Corporation. I also will be brief, but in 2014, because of the frustration we were seeing with no speculative housing being built in the North Platte area, launched a program called "Shot in the Arm," and successfully were able to get 48 new housing units built. Thanks to Senator Williams championing the cause of workforce housing in the state of Nebraska, our second go around, we were able to partner with this program through the state of Nebraska and again-- and the third-- the next round that was approved. So we have phase two and phase three of our "Shot in the Arm" program have been a part of the Rural Workforce Housing Fund program. We will, at the end of the third phase, by 20-- into 2023, we will have built 300 new housing units in North Platte area as a result of this creative program. I would, I'd say in full confidence that nowhere near that would have happened without this program. Sometimes it's not so much how much you do, but the fact that you're willing to partner. The fact you're willing to help minimize the risk for developers and be that partner in it makes all the difference in the world. I can

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think of no issue more critical for economic development in the state of Nebraska than housing. It is our greatest challenge. It's also our greatest opportunity to grow our state and our, our rural communities. So this program works. Please continue funding it and appreciate everything that you're doing.

**STINNER:** Additional questions? Senator Clements.

**CLEMENTS:** Thank you, Mr. Chairman. Thank you, Mr. Person. I was wondering, the 300 houses in North Platte, were any of those using TIF financing?

**GARY PERSON:** There were a couple of subdivisions that were necessary to put the infrastructure in, but a lot of it happened initially because there were vacant lots. So we're able to take those vacant lots because the infrastructure was already there, made it an affordable way for a contractor to be able to facilitate that. And then when the program kind of consumed what was available there, there hadn't been any new housing subdivisions created for some time, especially in the workforce housing arena. Then it did take some creative things, including one program that-- we did both the horizontal TIF and the workforce vertical TIF to make it affordable for that housing developer. And it wouldn't have happened without it, absolutely would not have happened. And so we have to be as creative as we can possibly be in rural Nebraska to make housing work and it takes everything possible to try to build it and then be able to sell it or rent it at a level that meets our wage scales.

**CLEMENTS:** Thank you.

**STINNER:** Any additional questions? Seeing none, thank you.

**GARY PERSON:** Thank you.

**STINNER:** Any additional proponents? Seeing none, any opponents? Seeing none, anyone in the neutral capacity? Seeing none, Senator, would you like to close?

**WILLIAMS:** I'd like to thank the people that came today and made the trip to talk about this important issue. We've got the need, we've got a solution, and you've got the keys to these new houses. So I would close with that and be happy to answer any questions.

**STINNER:** Any questions? Thank you. That concludes our hearing on LB1071. We'll now open on LB759. Go ahead, Senator Dorn.

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**DORN:** Ready?

**STINNER:** I was just letting it all settle down, so.

**DORN:** You got it. Good afternoon. Good afternoon, members of Appropriations Committee and Chairman Stinner. My name is Myron Dorn, M-y-r-o-n D-o-r-n. I am the state senator for District 30, which is all of Gage County and the southeaster-- southeastern portion of Lancaster County. I am here today to introduce LB759 to you, which raises the cap on the Business Innovation Act Microenterprise Assistance Program from \$100,000 to \$150,000. The Legislature established the Business Innovation Act Microenterprise Assistance Program in 2011. Section 81-12,162 originally limited the size of loans awarded to small businesses under this program to \$50,000 or less. LB449 raise-- excuse me-- raised the cap to \$100,000 in 2015. To account for cost of living changes, currently-- current business conditions, and increased appropriations to the Business Innovation Act Microenterprise Price Assistance Program, LB759 proposes to raise this cap to \$150,000. I think it is reasonable for the Legislature to raise this cap to account for our changing economy and inflationary rates. This increase will make a difference to our Main Street business owners. The Bankers Association did reach out to me with concerns about this bill. They said they believe that this would take business away from local banks. It is my understanding that a large majority of the businesses who apply have been turned down by traditional lenders for various reasons and this program prior-- prioritizes applicants that can fill a financing gap in the community. This gap exists when an entrepreneur is unable to secure the bank financing they need to put their ideas to work. By pairing lending with technical assistance, the program helps entrepreneurs develop the credit history they will need to become bankable going forward. There will be representatives here from the Nebraska Small Business Collaborative who may be able to answer any questions you may have regarding this issue. They can also speak to the approach they take to underwriting and managing complex business loans. I will close by saying I'd be glad to work with the committee and the bankers to resolve this issue and see LB759 move forward.

**STINNER:** Thank you. Additional questions? Senator Hilkemann.

**HILKEMANN:** What's the overall amount of money in this fund?

**DORN:** I think there are some people later on that can answer that one, but we did increase this over time so that it's-- currently, it's not

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always being used. The full amount isn't being used, so that's part of the reason that we're looking at raising this program up to \$150,000.

**STINNER:** Any questions? Seeing none, thank you, Senator Dorn.  
Proponents.

**KIM PRESTON:** Good afternoon, Chairman Stinner and members of the committee. My name is Kim Preston, K-i-m P-r-e-s-t-o-n. I am the lending services director at the Center for Rural Affairs and I am also testifying on behalf of the Nebraska Economic Developers Association. The Center for Rural Affairs has a long history of developing and supporting businesses in Nebraska. Our small business lending and coaching extends to all 93 counties in the state since 1990. We have a staff of 11 and-- with over 45 years of combined experience. We contract with an independent underwriting firm to review every single application that comes through our door to test for cash flow capacity, identify business strengths and/or weaknesses, and we ensure that we are following the various rules of our funders and our internal board policies. Our external review committee in place for reviewing all applications over \$50,000 includes four bankers; one current commercial lender, two retired commercial lenders, and one credit union banker. The Center for Rural Affairs is a founding member of the Nebraska Small Business Collaborative, along with Catholic Charities of Omaha, Community Development Resources of Nebraska, and the Nebraska Enterprise Fund. This collaborative has been the official recipient of funding under the Microenterprise Assistance Program since its inception in 2012. This program allows our organizations to provide technical assistance and loans to entrepreneurs who are unable to find bank financing due to several factors, including lack of collateral, credit obstacles, or the local banks' inability to fund business start-ups. We are here to fill a finance gap. We do not compete with banks in any way, shape, or form. In fact, our primary sources of capital, including SBA and USDA, require a credit elsewhere test in which a borrower must demonstrate that they've been denied for bank financing or more affordable terms are not offered through their traditional bank. All applications, regardless of size, must pass this test. The technical assistance and training we provide to help build credit worthiness with, with these businesses will indeed-- will need to qualify for bank financing when they are ready to expand and seek a business line of credit. It's our job to make sure that they're ready for that traditional banking experience. Through our years of working together as sole recipients of the funding under the Microenterprise Assistance Program, we've identified small-- a small number of changes that we would like to see this program to help make it more successful. In our opinion, LB759 is

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the best place to start. When the Legislature established this program in 2011, the size of loans awarded to small businesses were limited to \$50,000 or less. LB449 raised that cap to \$100,000 in 2015. LB759 proposes to update this language, raising the limit from \$100,000 to \$150,000. The reason for this change are four-fold. One, the cost of living has increased over the past seven years; \$100,000 in 2015 is equivalent to \$117,373 today. Inflationary trends ensure that this number will continue to rise. Number two, recent appropriations to the Business Innovation Act programming have made more funding available to the Microenterprise Assistance Program. The Department of Economic Development has allocated \$2 million to this program in both 2022 and in 2023. This is double the provision of the previous allocations of \$1 million per year and we anticipate that this increasing further as a result of the language included in LB380 from last session. This will be discussed more during the next hearing for LB1090. Number three, the potential clients are requiring larger loans. For example, this program is an appealing alternative for entrepreneurs ready to purchase their first brick-and-mortar location. Today, \$100,000 is not near enough to finance these real estate purchases. Number four, finally, when the loan request exceeds the statutory limit, providers like ourselves are required to identify a second source of funding to meet the entrepreneurs' business needs. Ana and Veronica, who you will hear testify in a moment, demonstrate that-- this need, this need for increased requests. They came to us in need of concrete for their large parking lot and delivery area of their business. The Center for Rural Affairs assisted Ana and Veronica in refinancing their property for approximately \$147,000, which allowed for the improvements needed; a full concrete parking lot and positively affected their monthly cash flow, while they did not lose any ground on the progress they've been making on their mortgage. The center funded \$100,000 of this loan with the Microenterprise Assistance Program funds and the remainder came from our community development financial institution loan funds. Businesses like Ana and Veronica-- am I done?

**STINNER:** It is your red light. You can conclude.

**KIM PRESTON:** We appreciate your consideration for this and support that. And if I-- you have any questions, I'll be happy to answer them.

**STINNER:** Thank you. Additional questions? Senator Erdman.

**ERDMAN:** Thank you, Senator Stinner. Thank you for being here.

**KIM PRESTON:** Yes.

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**ERDMAN:** So you make loans up to \$150,000, right?

**KIM PRESTON:** Our organization actually goes to \$250,000.

**ERDMAN:** Have you had to default on any of those loans?

**KIM PRESTON:** We have not. I do have-- since 2017-- I looked back at our records, the loans that we have on our books currently since 2017. I found 14 loans that were over \$100,000 and I have three, excuse me, five with one 30-day delinquency, three with one 30-day delinquency, and two with 61-day delinquencies.

**ERDMAN:** What kind of interest rate do you charge?

**KIM PRESTON:** It depends on the credit. So if the credit is a strong credit score, they'll have a lower interest rate. And as they get-- you know, as the credit score deteriorates, we do increase it a bit. The highest we do charge is 10 and a quarter.

**ERDMAN:** So is it a concern when someone came, make-- comes and makes an application that they've been turned down by a bank and they can't get financing from a private bank? Is that, is that a concern of yours at all?

**KIM PRESTON:** It's usually not. Our applications go through a very strict application process. It's measured on several factors, including location, type of business, number of employees, their financials, and things like that. So then we get a score through our application system telling us if they're a high-risk or a low-risk business. And then after that, they go through our underwriting process, which I mentioned is an external contractor for us, and she will take a look at the cash flow to make sure that, that business can support that loan. They look at the whole global cash flow. So it's the household and the business and we make sure that it's a 1.25-to-1 ratio, meaning \$1.25 of cash for \$1 of debt. We don't lend beyond that or below that.

**ERDMAN:** Would you-- wouldn't you think that a bank would look at those same things?

**KIM PRESTON:** They probably do. The reasons that individuals and individual businesses might come to us is often because the bank doesn't consider their credit score. It might be too low. We can see a credit score of 600 and a cash flow of 2-to-1 and a bank might look-- not look at it because it is a score of 600 for their policy. That's an example.

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**ERDMAN:** OK.

**STINNER:** Additional questions? Senator Clements.

**CLEMENTS:** Thank you. Thank you, Ms. Preston. These loans, what is the length of the loan and the terms?

**KIM PRESTON:** We tie our length of loans and terms to the purpose of the loan. So for real estate, we will often go 10 years to 15 years on the loan. If its equipment, we'll often, you know, shorten that up because it's rolling collateral.

**CLEMENTS:** You're making loans that are above the \$100,000 now. What pool of money are you using to loan the extra amount?

**KIM PRESTON:** Sure. So we'll use the Microenterprise Assistance Program and we might partner it with Small Business Administration funds or Department of Agriculture funds or internal grant funds that we do have.

**CLEMENTS:** The Center of-- Center for Rural Affairs has a lending fund?

**KIM PRESTON:** We get, we get funds from the Small Business Administration, Department of Agriculture, and then there are private grants that we apply to as well that have-- and they each have different, different rules for, for lending, so.

**CLEMENTS:** All right, thank you.

**STINNER:** Senator Erdman.

**ERDMAN:** Senator Stinner, thank you. So do you take a second position, then?

**KIM PRESTON:** We will-- often, we'll take a second position.

**ERDMAN:** Do you often have to get permission from the first position person to do that?

**KIM PRESTON:** No, we don't usually have to, but we will, we will visit with them if that's, if that's necessary, yes.

**CLEMENTS:** One more.

**STINNER:** Senator Clements.



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**CLEMENTS:** In the Business Innovation Act, loan is repaid. Where do those funds go? Does it go back into Business Innovation Fund?

**KIM PRESTON:** Yes, it goes right back into it. We have separate checking accounts and accounting practices for every fund that we have. So we do keep our our, our business innovation funds separate from our SBA funds and from our USDA funds and that is a revolved.

**CLEMENTS:** Some loans are a percentage of different funds--

**KIM PRESTON:** Yes.

**CLEMENTS:** --so you have to allocate the payments by the percentage.

**KIM PRESTON:** Yes, so in the, in the instance of Ana and Veronica, their loan being \$147,000, \$100,000 came from one fund and \$47,000 came from another. So when they look at their bank statement, they're seeing two different withdrawals from us. We had to do two sets of applications, one for the BIA and then the other for the small business-- or not small business-- the CDFI fund because each funder requires a separate set of documents should we default on our loan with our funder--

**CLEMENTS:** Thank you.

**KIM PRESTON:** --SBA, USDA, etcetera.

**STINNER:** Senator Hilkemann.

**HILKEMANN:** Thank you, Senator Stinner. Senator Dorn said in his opening that there's more money available than what's, what's being loaned out. Is that correct?

**KIM PRESTON:** I believe so, yes.

**HILKEMANN:** And so that's why we want to increase these to \$150,000. Part of it is, you said 10 and a quarter percent is what you're--

**KIM PRESTON:** That would be the highest and I don't see that very often.

**HILKEMANN:** OK. Are these-- in the mid '80s, I did an SBA loan on my practice. It was one of the most expensive loans that you could ever imagine. Is this-- is there a lot of expense that these people have to go through? In other words, I had to pay their attorney's fees, my

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attorney's fees, the-- all the things that I had to go through. Is that what this process also goes to?

**KIM PRESTON:** Our-- the SBA program that we're involved in is for the micro-- microenterprise program, so it's separate from, like, a 7(a) loan or a community advantage loan. It's specifically designed for organizations like ours that work with small businesses with employees of less than, you know, maybe less than ten-- more likely less than ten, more likely two or three employees, actually. And it is expressly written that the purpose is to assist those small businesses so we don't have those kinds of fees. Those would probably be dealt with when a business is being sold to another individual, but we don't take part of that. That is not part of our loan program. But we would take those expenses into consideration when our underwriter takes a look at that because like I said before, we make sure that they have \$1.25 for every \$1 of debt that they are incurring. So our new loan payment, that would be, if that loan was approved, is included in the analysis from our underwriter.

**HILKEMANN:** OK, thank you.

**STINNER:** Additional questions? Seeing none, thank you.

**KIM PRESTON:** Oh, thank you.

**STINNER:** Thought you were applying for a loan, huh?

**VARGAS:** Bankers.

**STINNER:** Good afternoon. Now both of you are going to have to spell-- say your name and spell it for the record. We transcribe all of this stuff, so.

**ANA GONZALEZ:** OK, yeah.

**RAUL ARCOS HAWKINS [INTERPRETER]:** So she's going to start and then I'll--

**STINNER:** Very good.

**ANA GONZALEZ:** [SPEAKING SPANISH]

**RAUL ARCOS HAWKINS [INTERPRETER]:** Good afternoon, Chairman Stinner and the members of the committee. My name is Ana Gonzales, A-n-a G-o-n-z-a-l-e-z, and I'm testifying as the owner of Enchanted Bakery and A&V Enterprises, LLC. And then my name is Raul Arcos Hawkins,

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business development specialist at Center for Rural Affairs. R-a-u-l  
A-r-c-o-s H-a-w-k-i-n-s.

**ANA GONZALEZ:** [SPEAKING SPANISH]

**RAUL ARCOS HAWKINS [INTERPRETER]:** I am 100 percent owner of the Enchanted Bakery and 50 percent cowoner of A&V Enterprises, LLC, both located in Grand Island, Nebraska.

**ANA GONZALEZ:** [SPEAKING SPANISH]

**RAUL ARCOS HAWKINS [INTERPRETER]:** The Enchanted Bakery was established in November 2015 in Grand Island, but prior to moving the bakery to Grand Island, she was running the bakery from the basement of her home in Hastings, which started in April 2003. I am the only baker with four part-time employees at the bakery. You will find a variety of cakes and fine pastries. The cakes are also sold by the slice or you can buy them whole and for any or all kinds of events such as weddings, birthdays, retirements, quinceaneras, and many more special occasions.

**ANA GONZALEZ:** [SPEAKING SPANISH]

**RAUL ARCOS HAWKINS [INTERPRETER]:** A&V Enterprise was established in 2013 and we were able to provide retail space for three local independent small businesses, which includes retail space for the Enchanted Bakery, Blossom Beauty Salon, and Club Mundo.

**ANA GONZALEZ:** [SPEAKING SPANISH]

**RAUL ARCOS HAWKINS [INTERPRETER]:** I strongly believe that the BIA Microenterprise Assistance Program is a great program because I have made a huge-- it has made a huge difference for my business. I feel that because I'm a first-time entrepreneur, the possibility of being funded by a bank was a lot lower. I know that the reason why my business has grown would not have taken place without the BIA Microenterprise Assistance Program. Access to direct loans-- to those-- these direct loans have helped me grow my business.

**ANA GONZALEZ:** [SPEAKING SPANISH]

**RAUL ARCOS HAWKINS [INTERPRETER]:** The technical assistance that I've received from the Center for Rural Affairs has helped me better understand and manage my business. The individualized attention and support I received has made my-- made it easier to overcome obstacles

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and roadblocks as I started and grew my business. The trainings also made a huge difference and I am always learning something new.

**ANA GONZALEZ:** [SPEAKING SPANISH]

**RAUL ARCOS HAWKINS [INTERPRETER]:** I'm very satisfied with this process and the access to the funds through the BIA program because otherwise it would have been more difficult for me to obtain a loan to better my business. The process for providing all the, for providing all the needed documents was smooth because of the technical assistance and the guidance on how and where to find, not just to be handed a list of the documents that you needed to be gathered. This program has shared-- has exceeded my business expectations.

**ANA GONZALEZ:** [SPEAKING SPANISH]

**RAUL ARCOS HAWKINS [INTERPRETER]:** In closing, I appreciate your time and value your support for this important program. And with that, I would be glad to answer any questions you may have.

**STINNER:** Any questions? Senator Hilkemann.

**HILKEMANN:** Where are the samples?

**ANA GONZALEZ:** [LAUGHTER] Sorry.

**STINNER:** Senator Vargas.

**VARGAS:** [SPEAKING SPANISH] Thank you for being here and thank you for all you do for the community.

**ANA GONZALEZ:** Thank you.

**STINNER:** Any additional questions? Seeing none, thank you very much.

**ANA GONZALEZ:** Thank you.

**RAUL ARCOS HAWKINS [INTERPRETER]:** Thank you.

**VARGAS:** I wanted some of that cheesecake. There's the tres leches [INAUDIBLE].

**HILKEMANN:** They are so good.

**VARGAS:** So good.

**HILKEMANN:** They know how to, they know how to bake.

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**STINNER:** Good afternoon.

**VERONICA RAMOS:** Good afternoon. [SPEAKING SPANISH]

**GRISELDA RENDON [INTERPRETER]:** My name is Veronica Ramos, V-e-r-o-n-i-c-a R-a-m-o-s, and I am testifying as the owner of both Blossom Beauty Salon and A&V Enterprises, LLC. My name is Griselda Rendon, G-r-i-s-e-l-d-a R-e-n-d-o-n, and I'm with the Center for Rural Affairs.

**VERONICA RAMOS:** [SPEAKING SPANISH]

**GRISELDA RENDON [INTERPRETER]:** I am 100 percent owner of Blossom Beauty Salon and 50 percent owner of A&V Enterprises, LLC, both located in Grand Island.

**VERONICA RAMOS:** [SPEAKING SPANISH]

**GRISELDA RENDON [INTERPRETER]:** Blossom Beauty Salon was established January of 2017. I am a nail technician and because of the beauty salon, I am able to provide space for four hair stylists, one pedicurist, and a second nail technician.

**VERONICA RAMOS:** [SPEAKING SPANISH]

**GRISELDA RENDON [INTERPRETER]:** A&V Enterprise was established in 2013. She did say it began in 2017, but it's in 2013, and we are able to provide a rental space for three local independent small businesses, which includes the retail space for Blossom Beauty Salon, the Enchanted Bakery, and Club Mundo.

**VERONICA RAMOS:** [SPEAKING SPANISH]

**GRISELDA RENDON [INTERPRETER]:** I strongly believe that BIA Microenterprise Assistance Program is a great program because it has made a huge difference for our business. I feel that because I was a first-time entrepreneur, the possibility of being funded by a bank was lower. I know the reason my business has grown would not have taken place without BIA. Access to direct loans has helped me in growing my business to better the place.

**VERONICA RAMOS:** [SPEAKING SPANISH]

**GRISELDA RENDON [INTERPRETER]:** The technical assistance I received from the Center for Rural Affairs helps me in better understanding and managing my business. The individualized attention and support I

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received has made it easier to overcome obstacles and roadblocks as I started and grew my business. The trainings have also made a huge difference and I'm always learning something new.

**VERONICA RAMOS:** [SPEAKING SPANISH]

**GRISELDA RENDON [INTERPRETER]:** I am very satisfied with the process and access to funds through the BIA program because otherwise it would have made it more difficult for me to obtain a loan to better the business. The process for providing all needed documentation was smooth because of the technical assistance and the guidelines-- guidance and how and where to find them. They didn't provide just a list.

**VERONICA RAMOS:** [SPEAKING SPANISH]

**GRISELDA RENDON [INTERPRETER]:** In closing, I appreciate your time and value your support for this important program. With that, I would glad-- be glad to answer any questions.

**WISHART:** Thank you. Any questions? Seeing none, thank you so much.

**VERONICA RAMOS:** Thank you.

**WISHART:** Next proponent, proponents for LB759? Good afternoon.

**JIM REIFF:** Thank you. Good afternoon. Good afternoon, Chairman and Chairwoman Wishart, I guess, is-- Senator Stinner, Stinner threw me for a loop there. Members of the committee, glad to be here. My name is Jim Reiff, J-i-m R-e-i-f-f, and I'm the executive director of the Nebraska Enterprise Fund. I'm here to testify in support of LB759. NEF, as we call ourselves, is a founding member of the Nebraska Small Business Collaborative, as we heard earlier. As such, we've seen firsthand the impact of Nebraska's Microenterprise Assistance Program and what that can do for communities. And just to address one of the questions raised earlier, this year, we're-- we've received \$500,000 of loan capital. We will be fully deployed by probably about July of this year, so we will, we will have fully deployed the portion we received. Today, we have staff in-- across the state serving Norfolk, Oakland, Omaha, and Hayes Center, as well as the rest of the state. We just made a loan last week out in Scottsbluff and have another one coming due, make loans across the state regularly. NEF has been in business or in operation for more than 27 years across all of Nebraska. We are a small business-focused CDFI, that's a community development finance institution, providing loans, training, and coaching to the entrepreneurial system. And we were established for

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this very purpose, to do loans when banks aren't able to do loans. That's why the CDFI Fund established us. We do register and we do report to the Center-- U.S. Department of Treasury every year. Every day we work with our clients in and around these communities, providing support they need. You heard from two great clients. We have a huge number of clients ourselves that we have the same thing. For example, the loan I just mentioned was actually with Platte Valley State Bank out in Scottsbluff and it was setting up a-- it's a great concept that's called Hound Hotel, LLC. All of us know-- either have or know somebody that needs a place to keep your animal while we're on vacation and this is a young couple. They're starting their business. They did not have all the access to capital that we would expect or hope. They're in their 20s, so they came to their bank and their bank came to us and said, can you work with us, NEF, to do that? So the bank did 75 percent of the loan and they're doing-- we did 25 percent of the loan. They're going to be starting in the next few weeks. They're using their money to purchase real estate, to renovate that same real estate, purchase equipment, and provide the working capital they need to get the business running. Our 13 employees, we talk all the time about how-- what's our role with banks? Actually our-- we see the banks as our best friends. We look for ways to find connections and make that work better. In fact, our underwriter, underwriter has over 20 years experience. She works very closely with our credit committee, which includes a banker, and our board includes five different bankers from throughout Nebraska. So they're all very aware of what the banking conditions are going on. And again, we just see it as a complementary role. Constantly, we call bankers, bankers call us. We trade deals. I get called all the time. Jim, what about this client? Yep. Can I take that client off your books? And it's like, absolutely because they're a great client and they're now bankable. Oftentimes, we close that gap. So sometimes the bank is, for whatever reason, usually regulatory, usually at a higher level than the state. Federal regulations require banks to meet certain criteria and they can't do that necessarily without breaking their norms in their internal underwriting. So we're able to do a subordinate second position loan with that bank and make a deal happen. That's really true in deals over \$200,000 where we're able to come in second position gap finance, we're able to finish the job. Two examples, and most of you have probably heard of North End Teleservices by now. Five, five years ago, most of you probably hadn't heard of North End Teleservices. They're one of the fastest-growing north Omaha businesses. Well, they are the fastest-growing north Omaha business in the state. We gave them two loans in their early years when they'd already exhausted all their banking lending opportunity. Today, they

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have 400 employees. When they came to us the first time, I think Carmen had 13 employees. Joe Hodges was told no. He's a retired veteran, retired police officer, retired farm-- fireman, and he was told no by a bank. He now owns Lion's Gate Security. They employ over 100 people full time, part time, and so forth. So we see LB559 [SIC] for the same reasons that Kim mentioned. It would allow us to do our jobs more effectively and efficiently. It allows us to get loans to clients more quickly and in a manner that makes sense to clients. I could say a lot more. I am more than happy to take any questions. And with that, thank you for your time.

**WISHART:** Thank you. Any questions? Seeing none, thank you for being here.

**JIM REIFF:** Thank you.

**WISHART:** Additional proponents? Seeing none, any opponents? Seeing none, anybody in the neutral? Senator Dorn, you're welcome to close.

**DORN:** Thank you. Thank you for some of the questions. Senator Hilkemann, your, your question, I did answer that, I think, a little bit wrong. They do use all of the funds. Previous to last year, it was \$1 million in this fund-- excuse me-- and we did raise this for '22 and '23, each of those years, to be \$2 million. I was-- I have the next bill up, LB1090, and some of those dollar amounts in there are not being used. So that's where I was thinking wrong or whatever. But they do use all this. I just want to point out that this is not requiring any extra funding for this proposal, this bill. That funding is there. This is, as some of the testifiers said, is so that the possibility there now that they can maybe get a little bit larger loan, which right now today they can't. It's capped at \$100,000 just because of everything that's going on in the economy and everything else, with cost of a lot of things, there is a greater need for a little bit bigger loan. So thank you for the questions and everything. As the last gentleman there did comment, they do work a lot of times with bankers and so on and this-- with this fund. So it is something that is benefiting some areas that really need this type of funding. And with that, I'll close unless there's questions.

**STINNER:** Thank you. Questions? Seeing none, thank you.

**DORN:** Thank you.



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**STINNER:** Excuse me, I have LB759-- had one neutral letter for LB759. With that, that concludes our hearing on LB759 and that will now open on LB1090. It's you again, huh?

**DORN:** It's me again, yes. Thank you for scheduling them back to back in a way. So good afternoon again, members of Appropriations Committee. My name is Myron Dorn, M-y-r-o-n D-o-r-n, and I am the state senator for District 30, which is all of Gage County and southeastern portion of Lancaster County. Today, I introduce LB1090 to resolve an issue with the Business Innovation Act generated from LB380, the mainline budget bill from the 2021 Legislative Session. LB1090 seeks to amend the Business Innovation Act to increase the annual cap on the amount of funds which the Department of Economic Development may award, microlending, and technical assistance. The Business Innovation Act requires the Department of Economic Development to establish a Small Business Investment and Technical Assistance Program. The program provides grants to organizations that conduct microloan lending and/or technical assistance to small businesses. This part of the BIA program is capped at \$2 million per year. However, during the 2021 Legislative Session, the mainline budget bill, LB380, was amended to add the following language: "of the amount appropriated as state aid for the Business Innovation Act, at least twenty percent is used for the small business investment program." Senators, we have a math issue that needs resolution. We have a small business assistance program that is capped at \$2 million that is also required to be 20 percent of the appropriations for the Business Innovation Act. This act maximizes the Business Innovation Act budget at \$10 million per year; \$2 million cap is 20 percent of \$10 million. Here is the issue at play: in 2021, the Legislature, Legislature appropriated to the Business Innovation Act \$13.77 million for fiscal year '21-22 and \$14.77 million for '22-23. DED is now unable to utilize the full appropriations. LB1090 would help solve this issue.

**STINNER:** OK, very good. Questions? Seeing none, thank you. Any proponents? Good afternoon.

**DAN CURRAN:** Good afternoon, Chairman Stinner and members of the Appropriations Committee. For the record, my name is Dan Curran, D-a-n C-u-r-r-a-n. I'm the deputy director of programs for the Nebraska Department of Economic Development, or DED. Director Goins sends his apologies for not appearing here today and he is currently on a trade mission advocating on behalf of the state of Nebraska. So largely my, my testimony is going to be a repeat of what Senator Dorn just said. I appear to you today in support of LB1090, would like to thank Senator

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Dorn for introducing the bill on our behalf. LB1090 fixes an issue with the Business Innovation Act and allows DED to utilize the full amount of funds appropriated by the Legislature for fiscal years '21-22 and '22-23. As part of the Business Innovation Act, or BIA, DED established a small business investment and technical assistance program to provide grants to organizations that conduct microloan lending and/or technical assistance to small businesses. Section 81-12,162 capped spending for small business investment and technical assistance at \$2 million. During the 2021 Legislative Session, the mainline budget bill, LB380, was amended to have the following language: "of the amount appropriated as state aid for the Business Innovation Act, at least twenty percent is used for the small business investment program pursuant to section 81-12,162." With the \$2 million cap, the amended language prevents DED from utilizing more than, than the \$10 million of the BIA funding during the fiscal year. LB1090 will resolve the issue, creating in-- created in LB380. Increasing the cap to \$3 million allows DED to fully fund the 20 percent minimum amount to be allocated for the small business investment and technical assistance program. Last, we also would like to thank the Legislature and the Governor for supporting the Business Innovation Act. This has been an impactful program for creating new companies and technologies. Small businesses are the backbone of the economy. We are hopeful that among these startups, Nebraska will find its next Hudl and further establish our state as a magnet for entrepreneurs and I would be happy to answer any questions.

**STINNER:** Thank you. Questions? Seeing none, thank you for coming in.

**DAN CURRAN:** Thank you.

**JOHN HLADIK:** Good afternoon, Chairman Stinner and members of the committee. My name is John Hladik, it's J-o-h-n H-l-a-d-i-k, and I'm testifying on behalf of both the Center for Rural Affairs and the Nebraska Economic Developers Association. And I wanted to quickly thank Senator Dorn for bringing this bill and LB759. I think in his close, he did mention that the BIA funds that are allocated to the Nebraska Small Business Collaborative are utilized right away and that's true. This is a really popular program that's helped a lot of small businesses and we use those funds almost immediately. So thank you also to this committee for appropriating and, and making BIA the successful program that it is today. I want to spend a little bit of time following what, what Mr. Curran said about the success of small businesses in Nebraska and to put that into context with the Small Business Collaborative. I think you know we have about 145,000 microenterprises in the state and that's 86 percent of all of our

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businesses and about 74 percent of Nebraskans report a microbusiness as their sole source of income. And I don't need to tell you the last two years have been anything but easy for these small business owners. And established specifically to help these businesses overcome obstacles through training, technical assistance, and targeted lending, the microenterprise program is here to help, almost as if it was designed to meet this moment. And right now, the program is exceeding expectations. The Small Business Collaborative that we discussed during LB759 received just \$500,000 for technical assistance last year and \$500,000 for lending. Each organization then provided a 35 percent nonstate match to maximize the impact and this had a multiplying effect that came up with some very impressive results. Over 6,300 small business clients received technical assistance and classroom training with just that investment, 164 small businesses received loans with that investment, and more than \$4 million in new capital was put to work. Because we're working with first-time entrepreneurs that banks are just flatly unable to fully finance, we know this investment wouldn't have taken place without the Microenterprise Assistance Program. And there are two small changes that will make the program better. It was a great discussion for LB759 to show how important it is to raise that loan limit from \$100,000 to \$150,000 in order to meet current business conditions and more efficiently steward limited BIA funds. And again, we also need to bring that allocation in line with current appropriations. General Fund appropriations to BIA programs has increased by 138 percent in the past year, again, thanks to the support of this committee, from just under \$6 million in 2021 to nearly \$14 million in '21-22 and this will grow by another \$1 million in '22 and '23. And since the Legislature has allocated more funding, we just need to update the statute that controls how much can be spent. And we have done this before, there's some historical precedence here. In 2011, LB387 required the department to allocate between \$500,000 and \$1 million to the Microenterprise Assistance Program and LB449, which was passed in LB-- 2015, amended this section to require the department award between \$1 million and \$2 million. And now LB1090 would allow it to allocate up to \$3 million. Both Mr. Curran and Senator Dorn did a really good job of explaining how this relates to LB380 and why technically it's, it's necessary and I won't bore you with those details, but I will take any questions if you have them.

**STINNER:** Questions? Seeing none, thank you.

**JOHN HLADIK:** Thank you.

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**JIM REIFF:** Good afternoon, Senator-- or Chairman Stinner and committee. I'll make the super short this time. My name is Jim Reiff, J-i-m R-e-i-f-f, and I'm the executive director at the Nebraska Enterprise Fund. All I'm going to say is I agree with everything that's been said before and I hereby testify on behalf of LB1090 and we as Nebraska Enterprise Fund are a proponent of LB1090. So if there's any questions, I'd entertain those. Otherwise, thank you for your support.

**STINNER:** Thank you. Questions? Seeing none, thank you. Any additional proponents? Any opponents? Anyone in the neutral capacity? Senator Dorn, would you like to close?

**DORN:** Thank you. I'll just make a quick comment. Again, this is something like the last bill where this is not this year appropriating any extra funds. This is just making it so that the funds that we did appropriate last year can now be fully utilized. Otherwise, some of those will sit in an account and won't be able to be utilized, so thank you.

**STINNER:** Thank you. Questions? Senator Hilkemann.

**HILKEMANN:** Sorry about this. So that's why I don't, I don't see any changes on, on this LB1090. I don't see anything--

**DORN:** It, it-- on the white-- it, it should have that they now will be allowed to allocate up to \$3 million a year instead of the \$2 million.

**HILKEMANN:** I didn't see it, I didn't see it highlighted on there, that's all.

**DORN:** You didn't? We will check to make sure of that.

**STINNER:** OK, very good.

**DORN:** Yep.

**STINNER:** Thank you, Senator Dorn.

**DORN:** Thank you.

**STINNER:** Just for the record, on LB1088, there were two proponents; LB1071, five proponents. On LB1090, we had one proponent. That concludes our hearing on LB1090. We'll now open with our hearing on LB1114.

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**McKINNEY:** How y'all doing? Good afternoon, Chairman Stinner and members of the Appropriation Committee. LB1114 acknowledges that in order to maintain a healthy state economy and to aid communities, innovation and entrepreneurship technology-based businesses must be stimulated and supported. This bill intends to meet this by amending the Business Innovation Act to allow for development in districts that are in dire need of economic development and gives provisions for entrepreneurship that means-- and means that provide resources there too. This amendment, this amendment seeks to more accurately address issues with the vitality of communities across Nebraska. This amendment is to define-- defines economic redevelopment areas, authorizes DED to provide support and funding for innovation hubs, requires DED to give preference to projects within economic redevelopment areas, and would increase the annual cap on the microloan delivery and technical assistance sections of the BIA from \$2 million to \$3 million. The changes to the Business Innovation Act are needed for multiple reasons. One, extending the cap for microlending from \$2 million to \$3 million will allow for DED to fully utilize the funds. As was mentioned in the prior bill, the changes in LB380 kind of created some issues and this would assist in doing that. This is also important for our state to put some skin in the game as far as business innovation and small business development in economic redevelopment areas, which can be done with the support of innovation hubs providing some sustainability statewide. In consideration of this bill, it's important that we view it through the lens that fostering entrepreneurship innovation can (1) promote economic growth, (2) enlarge, enlarge opportunities, and (3) help communities thrive. I'll briefly address each component. First, economic growth. The spark of entrepreneurship or a business idea typically serve as an answer to an unmet need or market demand. Here, there are numerous opportunities to generate a product that is not currently in existence or not readily available. The benefits here for Nebraskan communities are endless. Moreover, it is a natural flow of events that new-and-improved access to goods and services prompt consumerism and productivity. Second, creating opportunity. Stated plainly, new businesses must hire employees. This created employment opportunities and incomes that then get put back into our business and services, will automatically help with the vitality of our communities. Third, the changes to the Business Innovation Act can serve as a catalyst to helping communities thrive economically and esthetically. New businesses, understandably, will need materials and products to run their businesses. Technology has made it easier for small businesses to utilize local, state, regional and national and global markets. While this will definitely help Nebraska businesses receive goods and services needed to run

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successfully, thereby helping economically, it will also promote interstate-to-interstate commerce. Additionally, many businesses in District 11, which I represent, have never recovered from racial unrest in the '60s. Boarded-up buildings and foreclosed, foreclosed businesses do not draw individuals to our community. New businesses that are equipped with the marketing tools and direction to cater to the communities in which they are seated can and will draw individuals to those communities. It is important to emphasize that the aforementioned benefits are endgame. The way Nebraska achieves these benefits is by working to remove barriers that many prospective and current entrepreneurs and business owners face. This includes, but not limited to, providing resources for marketing, access to capital, and strategic planning. Policy interventions like this will increase the number of successful entrepreneurs Nebraska produces and will ensure a better likelihood of success for anyone who charts an entrepreneurial course. When you look at the fiscal note, you will see that LB1114 would add innovation hub to the list of type of organizations eligible for support pursuant to Nebraska Revised Statute Section 81-12,156, which requires DED to establish a small business investment program to provide grants to microloan delivery or microloan technical assistance organizations to promote microenterprises. This bill also adds projects within ERAs to the categories of preferred projects under the BIA. Lastly, DED believes that the provisions of LB1114 can be accomplished with current departmental resources and staff, which is why you see no fiscal note. Based on the foregoing things I've discussed further, I believe these changes to the BIA will help promote economic growth in large communities and help communities thrive and I ask that you vote to-- vote this on a committee. Thank you.

**STINNER:** Thank you. Questions? Seeing none, thank you. Any proponents? Any opponents? Anyone in the neutral capacity? Senator, would you like to close?

**McKINNEY:** Sure. I guess I'll say I know me and Senator Dorn's bill are similar. Mine just adds the provisions with the iHub in the economic redevelopment area. So if his comes out, I'm willing to work with Senator Dorn to see that-- if we could possibly work together to combine both to make it easier for the committee. I'm open to that as well. Thank you.

**STINNER:** Very good.

**CLEMENTS:** I have a question.

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**STINNER:** Senator Clements, yes.

**CLEMENTS:** Thank you, Mr. Chairman. Thank you, Senator McKinney. This is mentioning innovation hubs. Is this creating innovation hubs or have they already been created somewhere else?

**McKINNEY:** I have a bill that's on Select that would create an innovation hub program.

**STINNER:** We just passed his-- on General File, his innovation hub idea. This actually-- because they go from two to three, provides an actual source for some of the lending to folks that are using the innovation hub. You know, and if you keep bringing pro-business stuff, I'm going to-- might, might be a Republican after all. Somebody will--

**CLEMENTS:** OK, thank you.

**McKINNEY:** No problem.

**STINNER:** It's, it's after four o'clock.

**CLEMENTS:** Do you know the bill number?

**McKINNEY:** LB450.

**CLEMENTS:** LB450?

**McKINNEY:** LB450.

**CLEMENTS:** OK, thank you.

**McKINNEY:** Yes.

**STINNER:** Any additional questions? Seeing none, thank you very much.

**McKINNEY:** No problem. Thank you.

**STINNER:** That concludes our hearing on LB1114.

**ERDMAN:** This shovel ready?

**STINNER:** We'll now open with LB1156. Senator McDonnell, come on down.

**VARGAS:** It's after four o'clock.

**ERDMAN:** Senator, does the NRD develop this one too?

**McDONNELL:** This testimony should only take a couple of hours.

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**VARGAS:** Not-- that's not funny, man.

**ERDMAN:** Maybe.

**STINNER:** We'll cut you off at 4:30, how's that?

**McDONNELL:** Give me 30 seconds. Thank you, Senator Stinner, Appropriations Committee. My name is Mike McDonnell, M-c-D-o-n-n-e-l-l. I represent Legislative District 5, south Omaha. Today, I'm introducing LB1156. This bill seeks to appropriate \$200,000 from the General Fund for fiscal year '22 and '23 to the Department of Economic Development to provide matching funds to the economic development districts for a grant-funded position to act as a statewide coordinator for the development districts. This bill was brought to me by the Nebraska Regional Officials Council, or NROC. The extraordinary group focuses their efforts on helping cities, businesses, and other community leaders grow and develop. NROC districts achieve their goals by providing blight, blight studies, urban renewal planning, disaster assistance, and business counseling. The funds appropriated in this bill will help the eight NROC districts cultivate success in our state. I would like to thank the committee for the amount of General Funds we have committed to aid to the economic development districts. We have committed \$1 million in each year of the biennium. The work that the eight development districts have done have-- has been successful in helping develop the state. Taxpayers' money is efficient-- efficiently and effectively making its way back into the communities to support and uplift them. Over the summer, I visited with represent-- representatives of the NROC and they expressed a strong desire to look at an additional appropriation that could assist them with funding a coordinated position that could assist the districts with statewide coordination. One example that I would give is the area of rural workforce housing. How they envision this working is that this coordinator could aggregate information of what is working well in other districts, what untapped funding sources are available, what builders are specializing in this work, and so on and share that information. I thought this was a good idea. However, I did ask that they consider finding sources other than General Fund to pay for this. Thus, the bill allocates the funding to the Department of Economic Development, but they may only release it with proof of a demonstrated match from the districts. A couple of people are going to testify behind me. I believe we're pretty familiar at this point with the, the work they do and, and the idea of coordinating that work and sharing that information of what's working and, and not working in other parts of the state would be helpful.



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**STINNER:** Any questions? Senator Dorn.

**DORN:** Thank you, Chairman Stinner. Thank you for being here. Just so-- for clarification for me as much as anything, so this is-- is \$200,000 for our General Fund only when-- there's \$200,000 max, so there's-- there would be \$400,000 in this fund that can be appropriated then?

**McDONNELL:** The \$200,000 would, would be from the General Fund to the Department of Economic Development, but then that individuals would have to show a matching fund from the private sector before they'd be allowed that grant.

**DORN:** But that matching fund is not going to come through this--

**McDONNELL:** No.

**DORN:** --funding, no. It's, it's outside of-- they have to show that they have it.

**McDONNELL:** Yes, .

**DORN:** OK, thank you.

**STINNER:** Senator Erdman.

**ERDMAN:** Thank you, Senator, Senator Stinner. How do I apply for this job? It's \$400,000.

**McDONNELL:** Well, I'm not saying that it will be one individual and I'm not saying that that would be the, the pay, but they had to show that they made an effort to get the private sector involved and show a matching before they applied for the grant. So you might be applying for \$35,000 of that grant.

**ERDMAN:** OK. So more important question--

**McDONNELL:** But we can ask you if you'd want to get that job in the future.

**ERDMAN:** More important question, who's doing this now, anyone?

**McDONNELL:** No. The coordination?

**ERDMAN:** Yeah.

**McDONNELL:** No. I mean, I believe people are trying to coordinate, but actually someone officially-- as a, as a position, their job to

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coordinate, I don't believe there is anyone doing that unless there's someone behind me that could follow up on that question later.

**ERDMAN:** Yeah. So what happens if we don't put this person in place?

**McDONNELL:** Well, I just think we, we lose on the opportunity of, of having that information brought together and learn from what other people are doing right and wrong and being less effective and efficient.

**ERDMAN:** Couldn't we just have these people coordinate with each other?

**McDONNELL:** Well, I think they, they do try to coordinate with each other, but again, there's 24 hours in a day and there's seven days in a week. Unless you have somebody focused on that, I think that's where they're, they're lacking really being more successful.

**ERDMAN:** So this is an ongoing program. After this year, it's gonna be--

**McDONNELL:** I would like it to be an ongoing program, but as you know, we can't tie any Legislature's hands. It's a biennium budget.

**ERDMAN:** So another \$2 million in '24-- '23-24?

**McDONNELL:** No, I'm not talking about the-- I'm talking about the \$200,000 that--

**ERDMAN:** The \$200,000.

**McDONNELL:** --we've already appropriated in the past. Of course, would be revisited, but for right now, I'm talking about \$200,000 that would have to be matched by the private sector.

**ERDMAN:** Going forward, you're, you're envisioning it would be the same?

**McDONNELL:** I would hope so.

**ERDMAN:** Thank you.

**STINNER:** Additional questions? Seeing none, thank you.

**TOM BLISS:** Good afternoon, Chairman Stinner and members of the Appropriations Committee. My name is Tom Bliss, T-o-m B-l-i-s-s, and I am the executive director of the Southeast Nebraska Development District, or SENDD, located here in Lincoln. I appear before you today

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on behalf of both SENDD and as the president of the Nebraska Regional Officials Council, or NROC. SENDD is one of eight development districts in the state and we serve 16 counties in the southeast corner of Nebraska. So basically, from the Kansas line up to the Platte River and then from the Missouri River over to the Polk/York area. NROC is the association that represents all eight of the Nebraska development districts and provides coverage to all 93 counties statewide. The district is very grateful to you and the Legislature for providing funds to the districts in the current year. And today, we offer our support and appreciation to Senator McDonnell for his introduction of LB1156 to provide \$200,000 for matching funds that would enable NROC to hire a grant-funded position to act as a statewide coordinator for the eight development districts. The districts remain busy since we spoke last year. As you might expect, we continue to assist communities, businesses, and stakeholders with COVID relief, broadband expansion, workforce, childcare, and housing needs, as well as disaster recovery. I provided a couple of examples in the written testimony of the work that the districts are doing, but in the essence of time and the time of day, I'm going to go ahead and let you read those yourselves. I will say that they are really some pretty innovative things that I think these districts can be very proud of. The proposed statewide coordinator would directly assist NROC membership by improving efficiencies, working with state agencies, and ultimately helping Nebraska's communities create greater benefits from the districts and the programs that we work with. Thank you, Chairman Stinner and members for your consideration for this funding NROC, as appropriate-- as proposed in LB1156, and I would be glad to answer any questions if you have any.

**STINNER:** Questions? Senator Erdman.

**ERDMAN:** Thank you, Senator Stinner. How many people are you going to hire?

**TOM BLISS:** Great question. So we anticipate hiring one person. The-- this is not-- we don't anticipate this going to one individual. This would go for program income, grant match. But essentially, the, the proposed \$400,000 here, that would not be for one year, that would be-- like, for example, with the matching funds, we applied for a federal grant to help us with that component or that piece, which would match the \$200,000 if we're lucky. And that would be around a \$75,000 position if, if we can find someone to work in that area. The other is for marketing, rent. Essentially, this would be a position somewhere in the state that we'd need a place to house themselves and, and travel and things along those lines. So it's, it's-- part of that

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is, is staffing, but a large part of it is also just the pieces that go with having a staff person.

**ERDMAN:** So what kind of value do you think you can get out of this one person? Like, what's the return on investment, here?

**TOM BLISS:** You know, that's a tough question. This is the first time NROC would have a statewide coordinator. We built this position off of similar staffing in Iowa, Missouri, and Kansas. Their statewide associations have individuals like this. So honestly, we're best-guessing what this would cost. And, you know, we're fortunate enough to where the Senator McDonnell has given-- put some trust in, in the organization to where we can try to build this out. And my hunch is if we can only raise half of that, then we would only ask for half of that, but good question. I don't know the answer because this is a brand new position. What we are hoping to, to learn, though, is efficiencies with state associate-- with state agencies. For example, I used to work in Missouri at a similar type of development district around the St. Joseph area and we had a statewide coordinator that came down and that, that person, their role would be to work with people like Dan Curran or Jim Macy or other state directors to learn where there, there are gaps. And Nebraska is a very rural state, so there's a lot of gaps out there. There are professionals-- there are needs that aren't being addressed by professionals. That's something the districts can do. But at the same time, we need to know what the, what the state agencies needs are in order to help them fill those gaps. So like, for example, last year, we worked with the Department of Health and Human Services on a landlord assistance program; very successful. We were, I think, one of the, one of the few organizations that was able to complete the reporting on time. We were able to spend down the money on time and we were able to deliver some really profound product as a result. And we were also able to really im-- because we're embedded there, we're able to help some of the smallest communities in the state that otherwise might be overlooked. I-- that's probably way too much information for you, but I hope that answers your question.

**ERDMAN:** Imagine you did a lot without a coordinator, amazing.

**TOM BLISS:** Well, yeah. Thank you. Thank you.

**ERDMAN:** You didn't get my point. You may not need one.

**TOM BLISS:** OK.

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**STINNER:** Very good. Any additional questions? Seeing none, thank you.

**TOM BLISS:** All right, thank you.

**STINNER:** Additional proponents? Any opponents? Anyone in the neutral capacity?

**McDONNELL:** I'll testify in the neutral.

**STINNER:** Would you like to close?

**McDONNELL:** Unless there's questions.

**VARGAS:** I'm pretty sure he waived closing.

**STINNER:** Senator McDonnell waives closing. That concludes our hearing--

**VARGAS:** --neutral testimony.

**STINNER:** --on LB1146 and our hearing for this evening.