

Transcript Prepared by Clerk of the Legislature Transcribers Office
Appropriations Committee February 24, 2023

CLEMENTS: We're going to start the-- today's hearing of the Appropriations Committee. Welcome to the Appropriations Committee hearing. My name is Rob Clements. I'm from Elmwood. I represent Legislative District 2. I serve as Chair of this committee. We will start off by having members do self-introductions, starting with my far right.

ERDMAN: Steve Erdman, District 47.

LIPPINCOTT: Loren Lippincott, District 34.

WISHART: Anna Wishart, District 27.

McDONNELL: Mike McDonnell, LD 5, south Omaha.

DOVER: Robert Dover, District 19.

DORN: Myron Dorn, District 30.

CLEMENTS: Assisting the committee today is Tamara Hunt, our committee clerk. To my left is our fiscal analyst, Scott Danigole. And our pages today are Malcolm from Omaha, UNL student; and Kate from Kansas, UNL student. At the entrance, you'll find green testifier sheets on the table. If you are planning on testifying today, please fill out a green testifier sheet and hand it to the committee clerk when you come up to testify. If you will not be testifying but want to go on record as having a position on a bill being heard today, there are white sign-in sheets at the entrance where you may leave your name and related information. These sign-in sheets will become exhibits in the permanent record after today's hearing. To better facilitate today's proceeding, I ask that you abide by the following procedures. Please silence your cell phones. For bills, the order of testimony will be introducer, proponents, opponents, neutral, and closing. When we hear testimony regarding agencies, we will first hear from a representative of the agency. Then we will hear testimony from anyone who wishes to speak on the agency's budget request. When you come to testify, spell your first and last name for the record before you testify. Be concise. We request that you limit your testimony to five minutes or less. Written materials may be distributed to the committee members as exhibits only while testimony is being offered. Hand them to the page for distribution when you come up to testify. If you have written testimony but do not have 12 copies, please raise your hand now so the page can make copies for you. With that, we will begin today's hearing with Agency 7, Governor. Welcome.

[AGENCY HEARINGS]

CLEMENTS: Are there any other testifiers regarding the Political Accountability and Disclosure Commission? Do we have any position comments? We have none. That concludes Agency 87 and we will switch to bills then. First bill up is LB477. We'll open the hearing for LB477. Senator Wayne. If not, we could pass over and come back to that.

_____ : He's coming.

CLEMENTS: Oh.

_____ : I think he's walking down the hall.

CLEMENTS: Is he coming? OK. We'll, we'll wait a minute. Welcome, Senator Wayne. You're welcome to open on LB477.

WAYNE: Good afternoon, Chairman Clements and members of the Appropriations Committee. I do apologize for being just a little bit late. My name is Justin Wayne, J-u-s-t-i-n W-a-y-n-e, and I represent Legislative District 13, which is north Omaha and northeast Douglas County. First, I want to thank everybody from this committee last year for making a historic investment into north and south Omaha. And what you'll see here today is just a part two of that investment, where I think we're going to make some fundamental changes to the community that I represent. LB477 is a very short and straightforward bill. You do have a, a proposed amendment on the front. The proposed amendment is, is trying to narrow exactly where a proposed streetcar line would go. And one of the things for me is that I want to make sure that it actually gets to the airport. So I added that language in there to make sure that the city puts-- put a little pressure on the city to, to make sure it gets there. The streetcar is coming to Omaha. You know, it'll set some standards about who gets included and who doesn't and I think this is going to be great for our midtown area. Let me be clear. In the beginning, I was opposed to the streetcar, but rather just come off and be opposed, I think part of our job as elected officials is to figure out how to work together. And so, that's what this-- is a compromise for me, personally, to figure out how we can take the current proposed streetcar and make it better and actually work on public transit in the process. So I'm going to kind of walk through the, the tabs. I think it's important when you're asking for this amount of money that people understand exactly what we're, we're trying to do here. So I don't just want to talk about the bill, I kind of want to make sure that you guys understand. The area that we're

going into is an extremely blighted area on this proposed line and it'll take it down through north Omaha to the airport. So I want to give you guys some-- there's a streetcar overview and my office put together-- there's four other cities that had some benefits. I know some people on the committee may know about Saint Louis and maybe that wasn't the best use of the streetcar. But if you look at what the city of Omaha is doing, it's more modeled after the Portland, Seattle, Salt Lake City and New Orleans concept. And if you, kind of, go to the last page, you'll see that the proposed Omaha line-- what we're talking about is about \$3.2 billion in development. That's on a very conservative estimate of what kind of development could occur. And there's a companion bill in Senator McKinney's committee, where we're going to require the, the city of Omaha, from this \$3.2 billion, to implement-- almost create a fund for the city of Omaha for affordable housing. My goal with this \$100 million is that the city of Omaha won't come back down here anymore and ask for affordable housing dollars; that the city of Omaha, through the streetcar line, can implement their own fund to do affordable housing, substantially affordable housing, that will be sustainable based on how the streetcar grows. And every time that streetcar grows or there's a new line added, that would go into a fund that the city of Omaha would use for affordable housing. So don't look at this one-time investment of \$100 million as just a streetcar investment. I can email the committee the, the amendment that Senator McKinney and I are working on, on how we're going to use the development from the streetcar area to create this fund for the city of Omaha to solve affordable housing. So look at this as not only economic development, but solving an affordable housing issue over the next 15-20 years, where we don't have to keep coming down here to ask for the state funding. What you also have on tap, too, is just the executive summary of the MuniCap report. There's a lot of discussion and I want to make sure you guys have a copy of it, of what a MuniCap report is and there's some people behind it who have more knowledge and detail. But essentially, what this is, is a very conservative organization who comes out and looks at overall development around in this particular case, the streetcar. And they were looking at TIF, in particular. And what they came up with is, pretty much, there's going to be about \$3 billion of development. Of that \$3 billion, we're only going to look at the first billion and even of that first billion, we're only going to let you bond \$400 million. So even if everything doesn't go right and only half of the development occurs, the city is well financially, financially set to take care of the streetcar. What I'm trying to do is inject some dollars to build a-- truly, a fund around affordable housing and to

require them-- I think it's-- we have to put some skin in the game. We couldn't just tell the city of Omaha this is what they should do unless we put some dollars in. So my goal is to develop a line through the Airport Park district that would help develop this. So you also have a Portland article in the last tab and what I'm going to spend the rest of my time on is towards the end, I have a map. I have a proposed map. This map is actually done by the Omaha streetcar. But I added one thing to it. I added the Wayne line. The city has not confirmed that they would call it the Wayne line yet and it's the blue line. Actually, the first blue line-- the first portion of that blue line, to where it makes a, a, a 90-degree right, is actually already in the works as far as part of a future development. What I'm trying to do is extend it beyond there to the airport. And the second map you'll see in front-- or a second map, you'll see is kind of what I envisioned how the streetcar line would look. And that's this one right here connecting to the airport. Why is that important? Because the last tab on there that I won't go through, is the tab where this committee, along with 48 other senators or in this case, 30-- 40 other senators, I think there's nine of you, last year said that we are going to invest in this Airport Park District. We are going to invest and, and, and bring jobs to an area that has been deprived of jobs for a long time. So we made a \$60 million investment. And that \$60 million actually is going to this-- where you got this little white, it's all rock. It's actually going into that corridor, right there. That is a one part-- one owner. It's 65 acres and that is where the five companies who came down and testified said they want to set up shop, who would bring 450 jobs. The remainder, if you look at the last tab, is the rendition of the Airport Park-- would go right down, the streetcar would go right down Ford Street, potentially. I mean, we've got to work through the engineers to develop the rest of the airport park. There's two things that have been proven after every study and study done around streetcars. One, density increases and economic development occurs. But if you can add a true public transit purpose, it's successful. And you have to look no further than Kansas City. So what we're trying to do right now with the proposal streetcar, is moving west to east. We're trying to add a north to south line that would actually move people who need it the most and create economic development. We believe at this point, based off of the report that you all seen before the streetcar was landed, which is the last half, we're looking at bringing around a thousand jobs. And for me, if we can create an innovation district, if we can create light manufacturing and we can connect it to the streetcar, now you're talking about a corridor from UNMC to downtown to north Omaha, that is

a complete game changer for our community. So again, don't look at this as a one-time investment for the streetcar. To me, this is a one-time investment for affordable housing and economic development that should and I believe it will, continue to grow upon itself. My goal is that the city of Omaha does not come back down here anymore, asking for affordable housing dollars, that we can truly create a fund. And again, this is in Urban Affairs, where we're taking the development from this area and putting it in a fund for affordable housing. And how it's actually structured is, 30 percent of the affordable housing has to happen within 600 feet of the streetcar. But outside of that 600 feet, it can only be used for single-family home or condos, because Senator McKinney and I have talked at great lengths about if you want to close the wealth gap, it comes down to home ownership. So while the streetcar is growing up and growing big and developing, we have to make sure the city takes parts of those funds and develop affordable housing. And I'm just a fundamental believer, we can't ask the city to do something unless we put some skin in the game. With that, I'd be more than happy to answer any questions.

CLEMENTS: Senator Wishart.

WISHART: Thank you, Senator, for being here. So would this connect to Eppley airport, as well?

WAYNE: Correct. So the goal-- the city will say \$100 million won't get us all the way there. This will get us close to-- about to Locust Street. But based off of the MuniCap report, if you look at the, the last map and you look at where that line is going, you see a lot of vacant lots. So I believe the financing for the rest of it can be done from the overall economic development on that last line, just like they're doing right now in the city. So right now, the city is having preliminary conversations with the contractor and those people, to come up with numbers. But the ultimate goal based off of the amendment is it has to go to, to Eppley Airfield.

WISHART: OK. My-- the reason I asked that question is I could see the benefit of individuals flying into the Omaha airport and being able to take a, a streetcar all the way downtown, say, for the World Series and, and have that sort of flexibility of public transit, transit to the airport.

WAYNE: Correct. And if I may, just for a second, you may be wondering, Senator Erdman, how come we just go-- don't go downtown, up Carter Lake on this side and go to the airport? Well, that requires us to

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cross over into Iowa, which would require an interstate compact. And the other reason is, is how the streetcar is paid for is from the overall economic development. And to the right, on Abbott Drive, in this map, you have two homeless shelters, but that isn't the issue. We have two state facilities. We have a juvenile correction facilities and Omaha Community Corrections. So there couldn't be economic development when the state owns that land. That's why it's going up and around the other way, to the airport.

CLEMENTS: Senator Armendariz.

ARMENDARIZ: Thank you, Senator. Thank you, Senator, for being here. This is my neighborhood. My house is right there on that map.

WAYNE: Yeah

ARMENDARIZ: Where I grew up. So I'm very, very interested in how this would promote economic development. And as you know, I'm on that, I'm on that committee--

WAYNE: Right.

ARMENDARIZ: --committee for the-- committee for those dollars. Have, have you talked to people on 16th and Ames and Fort and Carter Boulevard to get their feedback?

WAYNE: Yes. So we started having conversations. I met with the Carter Lake Neighborhood Association. I prefer to go down 16th Street, but I think MUD has an old main line that runs all the way down there. And so that's why--

ARMENDARIZ: It also floods.

WAYNE: --yes, it does. So we have had a lot of conversations. And in fact, on Monday, we're having another community conversation about the proposed amendment that Terrell-- Senator McKinney has and this conversation of overall Airport Park development. Everybody we've talked to is encouraged. And a lot of the naysayers who-- about the streetcar, once we start talking about a north route, they all are in agreement, saying if we can get a north line, it makes sense.

ARMENDARIZ: How much of the bus line is even used down 16th Street that far north anymore?

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WAYNE: It's-- there's a, a current bus route down 24th and 16th Street has a small one that ends about on Locust. But down to the airport, there isn't a whole lot.

ARMENDARIZ: Yeah. So when I was growing up, there was a number seven bus. We rode that--

WAYNE: Yeah.

ARMENDARIZ: --took that to the mall. That's how we got around. We didn't have much transportation, access to that. It concerns me that we only have enough money to get to Locust Street. Not that I, not that I endorse this plan, I'm not. But to Locust Street, I can see it being like Highway 75, just stopped at Hamilton and never, for years, decades, got continued. It's finally done now, but what good is it if it gets to Locust Street?

WAYNE: Well, so for me-- I mean, if you want to give me \$200 million to get all the way there--

ARMENDARIZ: I don't.

WAYNE: --I have no problem. But, but for me, it isn't about stopping at Locust. I think once we get to Locust the, the other Airport Park district, that development, the financing around that takes care of the rest of the line. But we have to-- so if you, if you think about it, from Cuming Street to Lake, you're talking neighborhoods, right? So you don't have a lot of economic development to pay for the street line.

ARMENDARIZ: Right.

WAYNE: But once you get to Locust to, to the airport, a lot of vacant land, a lot of industry, that, that development actually pays for the streetcar.

ARMENDARIZ: So this area that you highlighted earlier, that runs alongside the lake and then, over North 11th Street to North downtown--

WAYNE: Correct.

ARMENDARIZ: --is pretty developed. It's a pretty nice area, right.

WAYNE: Corect, correct.

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ARMENDARIZ: So there's a gap in between that's not, though. You're talking--

WAYNE: Correct. So all that East Fort Street, from 16th Street to the airport is also not developed.

ARMENDARIZ: --well, there's a lot of industry over there.

WAYNE: Right. There is some industry, but there's also a lot of vacant lots and not developed. So you, you take development of that and, and the increase in valuations from that development, that takes care of that streetcar line all the way down.

ARMENDARIZ: I'm excited to see how this plays out. Thank you.

WAYNE: The only way we know is if it's in the budget. So.

CLEMENTS: Senator Erdman.

ARMENDARIZ: Good plug.

ERDMAN: Thank you, Senator Clements. Thank you, Senator Wayne. What's the time frame on this thing?

WAYNE: The city of Omaha is behind me. They'll be able to answer that a little bit, a little bit more than I can.

ERDMAN: OK. So can you turn to the TIF page?

WAYNE: Yep. I, I, I knew you were going to harp on it. I knew that was coming.

ERDMAN: The big one.

WAYNE: OK.

ERDMAN: The one that has the chart there.

WAYNE: Yep.

ERDMAN: What is EBA?

WAYNE: Extremely blighted area.

ERDMAN: OK.

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WAYNE: And that was a bill that we passed.

ERDMAN: OK. All right. So walk me through that, you know, the TIF revenue from future development and-- on the top line there, \$70 million and 260. Blocks 3-5, \$331 million. Tell me what those numbers mean.

WAYNE: That is the-- you know what? I can tell you, but there's some people behind me that can--

ERDMAN: OK.

WAYNE: --answer that better.

ERDMAN: OK. All right. I'll just ask them. OK. The-- this whole page?

WAYNE: This whole page, there are two individuals behind me that can answer all that.

ERDMAN: I got it. Thank you.

CLEMENTS: Other questions?

DORN: I've got a--

CLEMENTS: Senator Dorn.

DORN: Thank you, Senator Clements. Thank you, Senator Wayne, for being here. I guess mine is, generally, along that line, too. Was part of this project all-- the concept is, is to be paid with TIF financing throughout the-- I call it the, the broader scope of the area or--

WAYNE: Correct.

DORN: --are you going outside of, let's say, a block on each side of the line?

WAYNE: So there is a TIF district where you would be in and the bill that I'm working with Senator McKinney on would allow it to be expanded only for affordable housing. So that's where-- that's how we solved the affordable housing. So, a billion dollars, let's say it's \$1 billion, \$400 million for bonding, so that's so, you know, what we have to pay off with TIF, there's a \$600 million gap. I want to make sure-- or plus-- I want to make sure that \$600 million gets used for the things that, that are sustainable, like affordable housing and those kind of things. So then every time there's a new line, it goes

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back into that fund. We have to figure out how to solve, at least Omaha does, of their affordable housing issue without coming back down here every time.

DORN: And, and if later ones--

WAYNE: Yeah.

DORN: --go broader on that, that'd be great.

WAYNE: Yeah.

DORN: Thank you.

CLEMENTS: Other questions from the committee? Seeing none, thank you, Senator Wayne. We'll now start with proponents for LB477. Welcome.

STEVE JENSEN: Thank you. Good afternoon. My name is Steve Jensen, S-t-e-v-e J-e-n-s-e-n. I'm a former planning director for the city of Omaha and I'm currently deputy chief of staff for economic development in Mayor Stothert's Office. I'm here today to speak in favor of LB477. In a little over 30 years, Omaha will run out of room to expand and like other older American cities, will be faced with paying for increasing costs for services and aging infrastructure maintenance with a fixed and declining property tax base. To avoid this fate, Omaha must start now to revitalize its older neighborhoods and to grow up by reinvesting in its urban core. The Omaha Chamber's Urban Core Committee spent three years studying how best to accomplish this critical goal. The committee found that despite spending hundreds of millions of dollars on new freeways and parking, between 1963 and 2015, downtown Omaha lost over 20,000 jobs, a loss that adversely impacted neighborhoods in south, central and north Omaha. Today, 43,000 parking stalls, covering nearly 60 percent of Omaha's downtown, sit vacant half the day. The studies found that the core had the potential to attract 30,000 jobs and 30,000 residents, but required Omaha to spend billions on more parking and tens of millions of dollars a year in public parking subsidies, the parking-- parking that would pay virtually no taxes and fill more than 40 square blocks that otherwise, would hold over \$2 billion in taxpaying development. Further research found that cities that invested in bus and rail transit in their cores significantly outperformed those that invested in cars. So the committee focused on creating a total mobility system that expands transit service and uses thousands of vacant parking stalls. So, why a streetcar instead of a bus? First, streetcars

decrease the need for parking and preserve land for development. Second, they increase the density and value of development along their route. Third, exhaustive conservative studies show that an Omaha streetcar would more than pay for itself by capturing tax revenue from the increased development and parking revenue it creates. Federal studies show that buses do not do the same thing and a special bus service would require Metro to either increase taxes or decrease bus service elsewhere in its system. So the choice was either spend hundreds of millions of dollars to subsidize more parking that prevents billions of dollars in development or build a streetcar that pays for itself, creates billions of dollars in development, adds 30,000 jobs, supports affordable housing and increases the tax base for the city, OPS and others. The choice was clear: build the streetcar. The studies further show that the base system could also help pay for extensions to north and south Omaha, the airport, zoo, Aksarben village. However, those extensions would require federal dollars and other funding. This is why the allocation from LB477 is so important. Along with federal funding, it would allow the system to extend through the heart of north Omaha and on to the developments created through last year's LB1024, an extension that will help encourage development over a larger area and connect more people to the jobs in the core and the new north Omaha job centers. Because of these reasons, I encourage your support for LB477. I'd be happy to answer any questions you may have. And the map that's on the back is from the study that is currently underway looking at potential extensions, a study that the Omaha Streetcar Authority has asked HDR to undertake.

CLEMENTS: Are there questions from the committee? Senator Dorn.

DORN: And I-- Thank you, Senator Clements. Thank you for being here. And maybe I'm asking the wrong person yet, I don't-- I'd be glad to have somebody later ask-- why does a streetcar development or how does a streetcar development fit into the TIF program?

STEVE JENSEN: Well, the way that the streetcar project fits into it is that it creates that additional increment in terms of the value of property. So studies that have been done around the country and the federal government has done these studies, show that the permanency of the rails means that developers and lenders consider those sites differently. So if you talk to the developers in downtown Omaha, they'll tell you that they could increase their lease rates on a new project by 6-8 percent. And so they, therefore, can-- the value of their project gets greater because they can charge more. And so when

that value increases, then there would be an increased amount of tax increment and that tax increment would then be pulled off to pay for the streetcar.

DORN: And I, I will be the first to admit I fully don't understand the TIF. But if TIF goes to the streetcar projects, now that new building or whatever that comes in there, I'm not sure we can double TIFed it or whatever. I guess that's a question I have. I don't know how that works. I'm, I'm a dummy in TIF, sometimes. But is there a second-- can we layer TIFs? In other words, we TIF this project or this site. Now for a streetcar development, can we also then, in five years from now, TIF this for-- and I don't think so.

STEVE JENSEN: Yes. No.

DORN: So part of this is in-- and I guess, answer-- where does that become--

STEVE JENSEN: Yeah. Great--

DORN: --how does that layer out?

STEVE JENSEN: --sure. Great question. Yeah. So what, what happens is, if it's a typical project, let's say you have a parking lot and they're going to put a, a \$20 million building on that project. So the, the developer in a case like that might, might look at it and assume they'll have maybe \$3 million in tax increment that they could then put toward the project. And then, it can also be used not just for the project, but also for public improvements, public infrastructure. And so, when the streetcar comes along, that \$20 million project becomes a \$22 million project because the developer can charge more for rent, they don't need to devote as much land to parking so they can have more units so their project gets a little bigger. The value of the project goes up. And so, what would happen, then, is the agreement that the city would have with the developer is you would get what you always got on your \$20 million project, that amount of TIF. We have to make sure it's-- that you need it. That's the first step. Of course, if they don't need it, they're not going to get it. But then, the additional TIF, that would be created by having additional units being able to charge more, the extra value, that little sliver of TIF would then go to the streetcar.

DORN: OK. Thank you for that explanation.

STEVE JENSEN: Sure.

CLEMENTS: Senator Erdman.

ERDMAN: Thank you, Senator Clements. Thank you for coming today. So let me understand what you just answered to Senator, Senator Dorn. So the streetcar is going to TIF-- they're going to TIF the street where the rails are. Are they going to TIF the whole area, including those adjacent to that property?

STEVE JENSEN: Yeah. So when you look at how the value of property changes, you know, as you get further away from the streetcar, the ability to charge more goes down and it becomes just more like a regular project. They'll build more parking, all of that kind of thing. So the, the way that the district is set up is that if you are in the, roughly, 3-4 blocks of the, of the line, then the developer would give up 25 percent of their TIF, because in that area they would be able to charge more because they're closer to the line. When you get in 4-6 blocks away, the, the percentage that we would take for the streetcar is about 10 percent because again, the value is going down. They're building more parking. And, and the basis for that is that a-- about a five-minute walk is about 3-4 blocks. It's about a quarter mile. A little longer walk is about a half mile, so it's that 6-7 blocks. And that's what, that's what federal studies would indicate are reasonable walking distances to something like the streetcar.

ERDMAN: OK. So if a-- so what you're saying is you're going to, you're going to TIF the whole area and the streetcar is going to get to take advantage of the TIF and the whole project and you're going to divvy those up, based on their location to the rail.

STEVE JENSEN: Yes. Although, when, when we talk about TIFing the whole area, there, there are, kind of, two parts to this. One is the project part that I just described a minute ago. And then that's kind of in those, you know, 3-4 blocks, 6-7 blocks, will try-- will take a different portion of that project TIF. There is another part to it that is the TIF district. And that, again, is broken up in these, in these increments. But in that case, if the typical increase in value in the urban core along this route, within 6-7 blocks, the, the typical increase in value for properties is about 2 percent per year. So to the extent that a property may go up more than that because of the streetcar, then, then we would take that increase. So the taxing entities would get the same 2 percent increase they've always received, but if there is any additional increase above that due to the streetcar, we would take that and apply it back to the streetcar.

ERDMAN: OK. So if I'm a developer and I, I have a parking lot next to the rail and I decided to change that to an office building, what kind of TIF advantage will I have as the contractor or the investor to build the office buildings? Will I get 100 percent of the TIF that that property had? Because you're going to, you're going to value it at the price of the parking lot. That's going to be the value you're going to pay taxes on.

STEVE JENSEN: That's the base.

ERDMAN: And then, the increased value will come into the tax rolls when TIF is done. Is that a 15-year deal?

STEVE JENSEN: Yes. It'll-- I mean, it-- well, it depends if for-- what we're, what we're saying to the developer is that the, the purpose of going in the extremely blighted area, going to 20 years was not so that the developer would have more money. It was really so that we could do affordable housing and we could do other things. And so, so the developer is going to be at that 15 years. And then, as far as what their advantage is, the reason that they are in favor of the streetcar, in fact, they are some of the strongest advocates for it, is because by being closer to the streetcar line, they can charge more in rent. So again, about a 6-8 percent increase in their rent results in an increase in value that generates about 25 percent more TIF. And that's the percentage that we would take for the streetcar, when they're right next to the line like that.

ERDMAN: So is this a self-sustaining streetcar? Are we going to have someone come back in two years and ask for another hundred million and?

STEVE JENSEN: It's a great question. One of the things that we have been very careful about and part of the reason it has taken us so long to get to this point, is we wanted to make sure that we had a way to do the streetcar where it was self-sustaining. And so, as Senator Wayne mentioned, the estimates, the studies, all of that, has, has been done in a very conservative way, assuming far less development than even what we have been getting in the past. So assuming that we have less development, which of course we, we know we'll have more. But the other part of this is that as we, as we are-- as I mentioned, half of the parking in the urban core is vacant at any given point in time. So if you go to the Old Market during the day, during the week, a lot of parking stalls available, nights and weekends, very full. At an office building, the parking garage would be very full during the

day, during the week, empty on the weekends. And so instead of needing to build this 50,000 more parking stalls, what we can do is we can use those vacant stalls, because now they're along the streetcar route. And so, by being able to use those vacant stalls, we'll be able to get more revenue from parking and we'll use that additional revenue from parking to pay for the operation maintenance of the streetcar going forward so it can run for free.

ERDMAN: So this is going to be powered by gas, electricity? How is this going to be?

STEVE JENSEN: Powered by electricity. And right now, we're looking at is it, is it a-- connected to a, a power line all the way along the route or is it powered by batteries or is it a combination? Right now, it looks like it makes sense to be kind of a combination, where it's on-wire in certain places and then it's off-wire in other places.

ERDMAN: So can you explain the chart on page, page one of the TIF?

STEVE JENSEN: Yeah. I haven't seen this before, so let me see. Page one.

ERDMAN: This one right here. There you go.

STEVE JENSEN: Oh. Sure. So, so the, the first part is that, that revenue that would come from the-- as I was mentioning, from, from new development within the 1-3 blocks.

ERDMAN: OK.

STEVE JENSEN: It actually works out 3-4 because they-- we have a one-way system between Farnum and Harney, so there's a little more land that's in there, but that's blocks 1-3 and then, that's the 25 percent. The future development that is in the blocks, 4-6, that's the 10 percent instead of-- because of the drop in value. In terms of existing development, that's what I was explaining, was if you have the, the current property that is in the corridor, going up 2 percent, so this is how much additional revenue-- how much additional value and therefore, how much additional revenue would come from taxes in those different sections.

ERDMAN: OK.

STEVE JENSEN: And then, the, the last one is just recently paid for or active districts. What that's about is if there are projects that were

in the-- that were already approved over a 15-year time frame but now fall into the enhanced area so they can go to 20 years, we could extend that an additional five years, in those cases, and then capture that additional five years. So that's what that's about.

ERDMAN: So is there a difference of the-- say the top one there, outside the EBA. Is there a difference-- is that going to be eligible, eligible for TIF also or is that a different percentage then?

STEVE JENSEN: It, it--the, the outside the EBA just means it's limited to 15 years. And, and so the extremely blighted areas allow you to go to 20 years. So they're just-- all they're doing there is they're just, they're just saying some of the, some of the corridor is inside the 20-year and some of it is not inside the 20-year. So they-- they've very carefully broken those up.

ERDMAN: So the within will be 20 and the outside will be 15?

STEVE JENSEN: Yeah. That's right. That's right. That's right.

ERDMAN: Thank you.

CLEMENTS: Senator Armendariz.

ARMENDARIZ: Thank you, Senator. Thanks for being here today.

STEVE JENSEN: Sure.

ARMENDARIZ: I also don't know much about TIF, but pretty interested in it. So if you're saying that they qualify for 20 percent and as you stated earlier, it's an empty lot initially, tax assessed at that empty lot-- and let's just throw round numbers out, \$25,000 value, build multi-family dwelling on it for affordable housing. And in 20 years, is that now assessed at its value of \$750,00, \$1.2 million and what happens to those residents that are supposed to have affordable housing when that tax has now just exponentially skyrocketed? Or is it always going to have a special tax treatment because it's affordable housing?

STEVE JENSEN: Yeah. Great question and I'm glad you brought up how we're going to handle affordable housing. First of all, in order to have an incentive for affordable housing, we will not-- if somebody comes in with a, a low income housing tax credit program, for example, where they are building affordable housing and specifically, affordable housing, there won't-- we will not take any of that tax

increment to use for the streetcar. And the, the rationale for that is that we're-- the whole purpose of a, of a truly affordable housing project is to keep the rents low. If the rents are low, there is no bump for-- in rent and if there's no bump in rent, there's no bump in value. Therefore, there is no money to go to the streetcar. So if it's a, if it's a fully affordable housing project, then we will not take any of the tax increment for the streetcar. That will go to the project and not to the streetcar. Now, in terms of the tax payments, the whole basis of tax increment is that the developer will be paying taxes. It's just that some of those taxes come back. That increment in taxes comes back to help pay for the project. So, in terms of low income or affordable housing, again, we want to make sure that developer gets to use that, that increment, that revenue, to help offset their costs. So from an affordable housing standpoint, the streetcar is-- has no impact. Now, that's for a project that is completely affordable housing. What we also want to do and what is important about this MuniCap study and this \$608 million, even with our conservative estimates and, and trying to even work from a lower assumed amount of development, we know that we'll generate closer to \$1billion in revenue, even if we do not do as much development as we have been doing. So that additional revenue, \$400,000-- or \$400 million, we're going to use that for affordable housing or streetcar extensions or bikeways or any number of different things. So the plan that was developed is called the Housing and Mobility Master Plan-- Redevelopment Plan. And the reason for that is because we want to be able to use that increment for all of those things, so we're only taking a portion of that increment for the streetcar. And even this \$608 million in the MuniCap report is more than what we would need to support the bonds for the streetcar. So we will have hundreds of millions of dollars created by the streetcar that we'll be able to put toward affordable housing. How we do that, we're working on that right now. The, the other thing I would mention, too, is that one of the key things that has always been an issue for us is when we have lost those 21,000 jobs, the parts of the city-- if you go back to 1963 and you look at the 48,000 jobs that were in the core of that time and then you look at the bus system that, you know, accessed the core and previously, the, the streetcar system. But the bus system, it's-- it most effectively served north and south Omaha and central Omaha. Well, those neighborhoods are still there and those bus lines are roughly in the same areas that they were in before. What's missing, what we've lost, is the jobs. And so a big part of what we're trying to do by bringing back those jobs, is making it possible, not only to live in the core and be able to use the streetcar to get back and forth to

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work, but if we can bring those jobs back, now you could live in north and south Omaha or central Omaha and use the bus to get back and forth to work. The average cost of owning a car in today's dollars is about \$400-\$500 a month. The average for having a bus pass and maybe using Uber every now and then, maybe \$100 a month. Well, that additional \$400-- \$300-\$400 can now go back to the cost of housing. So by its very nature, if we can bring all those jobs back and if this can help us do it, we are making a lot of existing housing more affordable.

ARMENDARIZ: OK. And just to be clear, the, the jobs weren't lost of Omaha, just of the core downtown. They moved to the suburbs. Farther out.

STEVE JENSEN: Sure. Well, we don't know. I mean, some of those that were lost downtown have gone to other places like Sarpy County and Council Bluffs and so forth. But it is one of the issues for Omaha, as I mentioned up front, we're running out of room to grow into. And so once we get a fixed area, jobs will start to leave Omaha itself. And so that's a big part of this, is trying to go back into our older neighborhoods and core and really encourage the redevelopment of those areas and jobs are critical to that. The closer they are, the better. And yes, if you had a job in downtown and you lived in north Omaha and your job moved to Sarpy County, well, maybe you could access before with a bus, but now you need to own a car. Your, your expenses just went up several hundred dollars a month.

CLEMENTS: Any other questions from the committee? Seeing none, next proponent for--

STEVE JENSEN: Thank you.

CLEMENTS: --LB477, please come forward. Welcome.

JACQUELYN MORRISON: Thank you. Good afternoon, Chairman Clements and members of the Appropriation Committee. My name is Jacquelyn Morrison, J-a-c-q-u-e-l-y-n M-o-r-r-i-s-o-n. I currently work for the city of Omaha as a deputy chief of staff for economic development for Mayor Jean Stothert. Prior to my current role, I worked at the Nebraska Department of Economic Development. In my role at DED, I led the implementation of the Nebraska Rural Projects Act, a \$50 million program dedicated to building rail-served parks across our state; the implementation of the Inland Port Authority Act, \$10 million program aimed at increasing intermodal commerce; the Shovel Ready Act and also the ImagiNE Nebraska Act, the state's largest tax incentive program.

Each of these programs have two things in common. They each focus on adding jobs in our communities and improving infrastructure throughout our state. The modern streetcar project in Omaha builds on these tenets and that it, too, will add jobs to existing communities and also improve our city's infrastructure, making way for long lasting growth. One thing this Legislature fully embraces is the idea that public infrastructure improvement is crucial to the economic vitality and revitalization of our communities. Examples of how this body has invested in important infrastructure throughout our state includes: the study for water infrastructure, commissioned by the Star Wars Committee, rural workforce and middle income housing, the appropriation of funds for broadband and also funds to support public power facilities. Today we seek your support for LB477, an important infrastructure project which will assist with funding the modern streetcar and guaranteeing a route to north Omaha. While the modern streetcar will have many direct and indirect economic impacts, I want to highlight three areas that make it a good return on investment for the state of Nebraska. The first area of impact is jobs. Adding jobs in downtown not only serves downtown Omaha, but also the neighborhoods of north and south Omaha. Currently, large-scale job growth downtown is hindered by parking. An employer seeking to build a new 100,000 square foot building downtown, would have to spend over \$10 million to build a parking garage to accommodate their needs. This expense, on top of the cost of land, discourages investment downtown and instead, sends those jobs to Sarpy County or the edges of the city. When we think about proximity, a job downtown is much more accessible to north and south Omaha than a job without access to reliable transportation. With the streetcar, that same job becomes more affordable for both the employer, who wants to build downtown and also, the residents of north and south Omaha, who can take the streetcar to work. The second area of impact is housing. When we look at current commercial development patterns near the proposed streetcar lines, we see development trending towards multifamily units. The streetcar will undoubtedly continue this trend by making urban living possible without a car. The street-- sorry. By reducing the need for a car and locating housing where people work, we can increase the amount of money a resident has available to spend on housing, thereby increasing housing affordability. Moreover, decreasing the need for parking also increases the number of developable lots for residential purposes. Based on pure economic principles, when supply increases and demand stays the same, prices will go down. We understand that solving affordable housing will require many approaches and the streetcar won't do it alone. However, we do believe it is a tool to begin

tackling the problem. Finally, the development and success of the streetcar will inevitably improve long-term funding for schools, particularly OPS. Currently, there is a surface parking lot in downtown Omaha, located on a full city block, that brings in about \$59,000 in tax revenue a year. Directly across the street from that lot with a hotel on it, it brings in \$591,000 for the same land area. By utilizing the streetcar to encourage and incentivize investment, we can broaden the tax base and increase revenues for school. While this request is a large ask today, we do believe it is investment in solving many of the problems that the Legislature consistently strives to tackle: high unemployment rates, access to jobs, access to affordable housing and funding for schools. The streetcar will improve each of those issues and a line to north Omaha will not only help us connect north Omaha to development downtown, but also tackle-- but also take the same development to north Omaha. Thank you for your time.

CLEMENTS: Senator Armendariz.

ARMENDARIZ: Thanks for your testimony today. So you mentioned several acts that you worked on across the state and their intention was economic development. I'm wondering if you can share with us the new revenue brought to the state per each act that was implemented.

JACQUELYN MORRISON: I wouldn't have those specific numbers. I could try to--

ARMENDARIZ: Do they have that anywhere?

JACQUELYN MORRISON: I think each particular act is at a-- in a different place. So, for instance, I know with the Nebraska Rural Projects Act, those particular-- the airport-- I'm sorry. There--those aren't Airport Business Parks. I'm confusing two. Those particular rail-served business parks have it-- one is in North Platte. It hasn't been built out yet. And so as we, we can start to look at what, what types of inputs are going into it, but we won't see the outputs, I believe, for a couple of years, until the money is expended and the park is open. Similarly, with Imagine Nebraska, that was started, I believe the-- Advantage sunsetted in 2020, Imagine Nebraska started in 2021. So as people start to phase out of Advantage, we see them start to phase into Imagine. And so people have between zero and four years to add jobs from the time that they apply, so we'll start seeing the impacts of that from 2021, probably in 2025. And so I can't say

particularly at this time, but I do know that this is-- those are reports that this Legislature will get.

ARMENDARIZ: Do you know, roughly, how many dollars were invested in those?

JACQUELYN MORRISON: I know Nebraska Rural Projects Act, I believe, was \$50 million, Shovel Ready Act, \$100 million. And then, Imagine Nebraska is several hundred million over, over years.

ARMENDARIZ: OK. Thank you.

CLEMENTS: Other questions from the committee? Seeing none, thank you for your testimony.

JACQUELYN MORRISON: Thank you.

CLEMENTS: Are there additional proponents for LB477? Welcome.

STEPHEN OSBERG: Chairman Clements, member of the-- members of the Appropriations Committee, my name is Stephen Osberg, S-t-e-p-h-e-n O-s-b-e-r-g. I'm presently vice president of project development for Paul G. Smith Associates in Omaha. Formerly, I was the senior director of tTransportation and Urban Development for the Greater Omaha Chamber. I'm here today to represent the Omaha Chamber in support of LB477, and we thank Senator Wayne for bringing the bill to the committee. The Greater Omaha Chamber is long understood that transportation is not an end in itself. Instead, it's a means to much more important ends for our community. It's about providing access to jobs, education and healthcare. It plays a central role in supporting economic and social mobility. With these goals in mind, the Chamber partnered with the metropolitan area planning agency, Metro Transit, and a cross-sector group called Metro Smart Cities to launch the development of a new regional transportation strategy in 2019. Over the next two years, we've heard from more than 8,000 people in building what ultimately became known as the Connect-- ConnectGO regional transportation strategy. A key focus of that strategy was connecting people to jobs wherever they-- wherever else they need to go in a more equitable way. Broadly speaking, there are two ways to improve transportation: make it easier to get from point A to point B, or create an environment where points A and B are closer to each other, where trips are shorter and it's easier to get where you need to go in that way. The ConnectGO transportation strategy included approaches to both mobility, getting from A to B, so improving traffic

flow, new transit routes and the like, and also land use strategies to bring denser development, more destinations closer together. We're happy to report that the ConnectGO strategy led to a number of investments in the greater Omaha region, including a new transit plan for Metro Transit, including a commitment to improve north-south transit service on the 24th Street corridor. It also included the starter line of the streetcar with ideas for strategic extensions. At about the same time we were finalizing the ConnectGO strategy, the Greater Omaha Chamber began developing an urban core strategic plan with the city of Omaha and many of our business partners. The goal of that plan was to create a vibrant and thriving urban environment accessible to all that could propel our economy into the 21st century. We need environments that help attract and retain talent in new ways to grow our tax base over the long term. A denser development scenario in downtown Omaha is one such way to grow our tax base and we all know that an increase, increasing the tax base helps us keep those tax rates lower. While overall economic growth is one goal of the urban core effort, another is, specifically, about improving access to jobs for those in greatest need. For years, the areas of, areas of greatest job growth in the Omaha metro area have been in the western part of the city or southwestern part of the metro area. And the areas of greatest concentrations of people-- of unemployed people or underemployed people have been in east Omaha. So how do you connect the people to those jobs? Well, as I said before, you can either make it easier to get from point A to point B, right. But east Omaha, it's a long trip to anywhere in the western part of the metro area, no matter what mode you're using, whether driving or using public transit; or you can bring points A and B closer together and that can mean bringing more affordable housing options to where the job growths are, in the suburbs or bringing more jobs to the urban core. More people, as Jacquelyn said, can more easily access those jobs from north and south Omaha via whatever mode of transportation they choose to use. The latter option, rebalancing job growth is precisely the goal of the urban core plan. We intend to build more densely in the core, using a streetcar system as one of several tools. Investment in the urban core, including projects related to construction of the streetcar, are already coming to fruition. Of course, north-south connectivity to, from and within the urban core, are crucial to realizing the goals of the plan. We're excited to see Metro Transit continue to strengthen north-south service along the 24th Street corridor, which is another project worthy of, of investment. And we appreciate Senator Wayne's attempt to extend economic growth north and south, from the streetcar starter line on Farnam Street, with a

north-south extension. These are important steps for the well-being of all of Omaha's businesses and residents. And thank you for your consideration. I'll take any questions if you have them.

CLEMENTS: Any questions from the committee? Seeing none, thank you for your testimony. Were there additional proponents for LB477? Seeing none, are there opponents on LB477? Seeing none, anyone here in the neutral capacity? Seeing none, Senator Wayne, you're welcome to close.

WAYNE: Thank you. And I will be brief. First, I think only Senator Erdman, Senator Vargas, Senator Wishart, McDonnell recall, the first year we were all here, I became Urban, Urban Affairs Chair, because I, I absolutely hated the abuse of TIF. And that's what I literally ran on. We were going to reign in TIF and two years later, we actually had a massive TIF overhaul, where we did reign in how things were done. And then, a year after that we passed extremely blighted. That went to a vote of the people. And, and so, TIF has been very important to me. And so the simple explanation for those who don't know how to-- how TIF really works, is if you're paying \$100 and I'm just going to say, generally, in property tax, and you're going to do a project which would increase that to \$120, in property tax, that \$20 difference is the tax increment financing. And so you go out, typically get a loan from a bank for that \$20 and as that-- as you hit your valuation of that \$120, that \$20 gets paid back off to the bank to pay for that, so it's kind of a upfront use. And it really isn't a, a grant or a free-for-all because you have to pay it back. So if you'll recall last year when this plan was announced, I was pretty upset on the floor of how the city was using TIF. And part of it was, as we had from my perspective, we had to figure out a way to make TIF work for everybody. And so, the bill that's in Urban Affairs, the amendment that's in Urban Affairs, Senator McKinney has a bill that the city doesn't like, because one of the things it does, is requires a 30-year lookback on all TIF, that, after 30 years, you should be able to determine whether TIF has actually worked and it's not blighted or not. Well, part of that is an amendment we're working on to set up a structure that, because of the projected economic growth, there's going to be so much extra dollars, if you want to call it, in TIF, which it really isn't, but we'll just say through simple terms in TIF that we want to make sure that goes to affordable housing. We recognize that, along the line, property values are going to go up. So we want to use-- we want to make a number around 30 percent where it still has to be affordable housing along that line. But then outside of that line, in any extremely blighted area or any blighted area, we're going to encourage the city to this fund, I'll say, for lack of

a term, to do affordable housing around single family homes, condos, stuff that builds equity. We are not trying to create more landlords. We're trying to build equity. And so that bill will be coming up. To your question around-- well, on the fiscal note, it'll say it's unconstitutional. Let me just clear that up right now. My amendment addresses that when we-- you know how bill drafting has been this year. And so it was either drop the bill going to the Omaha Transit Authority, which we can't give money directly to them or maybe not get it back in time. So I have it going directly to the city. Even if, if there's a question about that, we could run it through DD, Department of Natural Resources. I have-- I don't care about where that goes. To your question about the rail spur at the inland port. I was the author of the Inland Port and a co-sponsor of the rail spur. The rail spur had \$30 million, of which Hershey, which is right outside North Platte, got. They are doing a lot of development right now and recruiting a lot of businesses. The inland Port had a \$5 million, which was passed by this Legislature, 47-0. And right now, as of last week, only Fremont and Hershey have been designated as an inland port. So to Ms., Ms. Morrison's point, we haven't seen it all yet because we're still in the development stages. But what's happening in Fremont right now between railroads and businesses who are looking at the inland port, they're looking to have an economic explosion, I would call it, over the next five years, because there-- there's talks about doing a new yard there or, or a modified yard there for, for an inland port, same as Hershey's. So both of those are taking off. So I dealt with the constitutional issue. I understand that there's some-- you know, there might be a little bit of concern about the, the level of investment. He didn't answer your question because you didn't ask him, but I believe the overall buildout is 2026, 2026. You had to ask me that. So even if we have to break this up over a 4- or 5-year period as far as dollars, the, the, the key here is-- two, two things are the objective. One, to get public transit into an area that needs it the most; two, to invest in an area that we've already said is, is, is an economic-developed gold mine by putting some money already there last year. And I guess the third thing is is to create a sustainable afford-- affordable housing solution, because every year we're down here, we are talking about affordable housing and the state just cannot continue to pick up that tab. We have to figure out how, locally, we can do it. And we came up with a way for Omaha to be able to do that to where honestly, if they come down and ask for affordable housing, I will come down and testify against it if we can pull this off, because I truly believe this creates that sustainability forever.

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CLEMENTS: Any questions from the committee? I had one.

WAYNE: Yes.

CLEMENTS: How would this fit in with the ARPA funding that you had last year?

WAYNE: So if you look at the last half, the last, last half of the Airport Park study, the, the yellow-- outlined yellow area, that is where the \$60 million that we've already set aside in ARPA funding, is, is going to go there. The line that we're talking about is going through the outlined blue, white, that is also part of the Airport Park. So this, this actually aligns perfectly with what this body already said is an important-- and if we can connect all of this by a streetcar, we're talking about our timeline for the development is going to shrink tremendously and we'll, probably, quadruple the number of jobs that were proposed last year. Last year-- we have estimates based off of this study that there's about a thousand jobs we can bring into these two areas. With the density of the streetcar, that number goes up, so it aligns perfectly with what we did last year.

CLEMENTS: Senator Armendariz.

ARMENDARIZ: Hi. Thank you. What, what businesses do you have lined up that are ready to fill these businesses?

WAYNE: So last year, who testified publicly was PEI, which is a research development engineering firm, actually, here in Lincoln. They have contracts with DOD nation-- nationally, where they have to grow 400 jobs. There was a company called the modern Nimitz who does modular homes. They have committed to be in this same area, they publicly did. A plumbing company called Harrison Plumbing wants to expand to 40 people. They've committed to come down in this area. And then Senator McKinney's IHub bill that was passed by here, is also in the same area. There are two other companies that I'll say maybe-- Senator McDonnell, did you talk about companies coming here for the CHIP Act [SIC - CHIPS and Science Act]? Sorry to ask the question. I don't know what--

McDONNELL: Yes.

WAYNE: --OK. So one of the companies that Senator McDonnell's CHIP Act has also looked at this area and another area and are very interested in, in coming down, too. So-- and, and that's part of the reason if we can connect the university, which is where the street line car is

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going now, to this, what I would consider, a innovation hub type area, that I think that, that company would definitely come down there. In fact, he emailed me yesterday, saying, where are we at on the Airport Park?

ARMENDARIZ: Thank you. I appreciate it.

WAYNE: And those companies alone, right there, have 200 jobs.

CLEMENTS: Senator Erdman.

ERDMAN: Thank you, Senator Clements. Senator Wayne, I never have underestimated your foresight and your, your, your planning ability and the things that you bring to us. It's amazing. So the question is, if this is such an economically feasible project, why don't you get private funding to do this?

WAYNE: So, we will. So the \$100 million for this and even the \$60 million, that's only \$160 million. I, I can give you the total report. The total report of the buildout of this is almost \$700-- \$760 million for the entire area. So we're, we're only given a small percentage of the cost. The rest is all going to come from private. Like the companies who are coming there, they're all coming there with their own dollars and building out.

ERDMAN: Let me, restate, restate that. Why don't you get all of it from private donors, then, if it's such a great budget?

WAYNE: We probably could, but this is an area that's been neglected, so part of it's just basic infrastructure. The submit-- the city has committed to put in help-- use some sewer bonds and some other things to help do the infrastructure. As Senator Armendariz said, that this area has flooded, so there are some basic infrastructure costs that we have to just get done, which is where this money would go-- well, not-- the previous money's going. This money would go to the streetcar.

ERDMAN: OK. Thank you.

CLEMENTS: Any other questions from the committee? Seeing none--

WAYNE: Thought you had one more for me, Chairman.

CLEMENTS: --thanks for coming.

WAYNE: Thank you.

ARMENDARIZ: Thank you.

CLEMENTS: We have position comments for the record, no proponents, four opponents. And that concludes LB477. We will now open the hearing for LB551, Senator John Cavanaugh. Welcome, Senator.

J. CAVANAUGH: Good afternoon, Chairman Clements and members of the Appropriations Committee. My name is John Cavanaugh, J-o-h-n C-a-v-a-n-a-u-g-h, and I represent the 9th Legislative District in midtown Omaha. I'm here today introducing LB551, which would appropriate \$10 million per year for the Douglas County Health Center. The Douglas County Health Center offers critical medical care for memory support, rehabilitation and transitional care and hospice care for Nebraskans, DCHC employs 350 staff and is one of the largest nursing facilities in the state. 254 beds. The DCHC budget is 35 million per year and subsidized by Douglas County property taxpayers. DCHC is known for its ability to provide quality long-term care to residents with severe behavioral-- behaviors, in addition to their comorbidities or memory care needs. The referrals originate from acute care hospitals, acute psych hospitals, psychiatric inpatient rehab facilities, the state, the state, among other sources. DCHC is often the place of last resort for those residents. The residents accepted are typically residents-- typically not, not accepted by other facilities. These individuals who receive care at DCHC typically do not have another place to go. These individuals typically do not have another place to receive care, and DCHC offers a safety net for this vulnerable population. The resident care at DCHC is intensive. Cares and therapy for residents is more labor intensive, takes longer and is more complicated. So why should the state assist in paying for the care of these Nebraskans and why now? As we've seen across the state, many nursing facilities and long-term care facilities have closed. DCHC provides critical care to Nebraskans with nowhere else to go. This is a worthwhile investment in our state to pursue, to ensure the critical care facility is available to Nebraskans. Thank you for your attention and I'd be happy to answer any questions.

CLEMENTS: Are there questions from the committee? Senator Armendariz.

ARMENDARIZ: Thank you, Senator. Thank you. Thank you for being here, Senator. Can you tell me if the beds are full?

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J. CAVANAUGH: You know, actually, I think we have a commissioner from the county, might be able to answer the day-to-day, maybe, more of those day-to-day questions, but my impression is that it's very-- heavily utilized.

ARMENDARIZ: OK. Because I was just, I was just talking to somebody today saying that there are nursing facilities that will reject folks that you're describing here, that the hospital takes. So I'm wondering if they're full or if they're-- so somebody testified yesterday, saying that there are people on a waiting list, sitting in hospital beds. Why wouldn't they be transferred to this facility?

J. CAVANAUGH: Oh, I see your question. Yeah. I-- they-- my understanding again, I think the commissioner behind me might be better served to answer it. But yeah, the reason they would not be taken is because there just wouldn't be space for them at the time.

ARMENDARIZ: OK. That's what I'm wondering. If it's just overcapacity or--

J. CAVANAUGH: Yeah.

ARMENDARIZ: --or underfunded--

J. CAVANAUGH: I think may--

ARMENDARIZ: --or understaffed--

J. CAVANAUGH: --yeah, it might be a little--

ARMENDARIZ: --or all them.

J. CAVANAUGH: --might be a little bit of both. Yeah.

ARMENDARIZ: OK. All right.

CLEMENTS: Senator Erdman.

ERDMAN: Thank you, Senator Clements. Senator Cavanaugh, have you seen the fiscal note on this?

J. CAVANAUGH: I did. I think I have it right in front of me.

ERDMAN: The last two paragraphs there. Can you elaborate or explain what that, as written, LB551 does not constitute a legal

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appropriation? And then the next one down. Can you explain what that means?

J. CAVANAUGH: As written, LB551 does not constitute a legal appropriation simply identifies intent. If the bill is amended to provide for a legal appropriation, the General Fund appropriation of \$10 million-- I think what they're saying is that the draft doesn't make it clear that we're appropriating that money. And so we probably need to clarify that, in terms of the drafting.

ERDMAN: So is this an ongoing, every year contribution?

J. CAVANAUGH: The intention of the bill as drafted would be to, to appropriate \$10 million a year. Yes. But as you know, we can't tell a future Legislature what to do.

ERDMAN: Yeah. So it'd be a two-year distribution.

J. CAVANAUGH: That's correct.

ERDMAN: As far as you--

J. CAVANAUGH: Right.

ERDMAN: --as far as we can appropriate. Thank you.

CLEMENTS: Any other questions? Let me consult with the fiscal analyst. You were, you were confirming that an amendment would be needed to make the appropriation? The fiscal analyst says you would need language such as, "there is hereby appropriated" so many dollars before we could act.

J. CAVANAUGH: And I think that was maybe, maybe an oversight in drafting.

CLEMENTS: Sure. All right. Very good. Any other questions? Seeing none, are there--

J. CAVANAUGH: Thank you

CLEMENTS: --any proponents for LB551? Welcome.

MARY ANN BORGESON: Thank you. Good afternoon, Chairman Clements and members of the Appropriations Committee. My name is Mary Ann Borgeson, M-a-r-y B as in Bob, o-r-g-e-s-o-n. I am the chairwoman of the Douglas County Board of Commissioners and I am here to speak in support of

LB551. I would like to first extend my gratitude to Senator Cavanaugh for carrying the bill and to all of you today for allowing me this opportunity to speak to you. I also would like to note that our administrator of the Douglas County Health Center is with me today, Erin Nelson. Douglas County operates a 254-bed long-term care facility, with the current resident census of 203. The total annual cost to operate our facility is approximately \$35.5 million, with the majority reimbursed through Medicaid funds. Douglas County uses just shy of \$10 million annually in property tax revenue to operate the facility. The cost to operate the facility has increased substantially in recent years, due to the national nursing shortage and our need to pay what is necessary to recruit and retain our nurses. The national nursing shortage will likely continue well into the future, so those payroll expenses will likely increase in future years. Since 1950, the United States rate of people over 65 has grown 100 and-- 100 and-- 111 percent, from 8 percent of the total population to 16.9 percent, today. The sharpest increase in the aging population happened in the 2010s, when the baby boomers began to reach 65. The aging of the baby boomers means that within just a couple of decades, older people are projected to outnumber children for the first time in U.S. history. This was a quote by Jonathan Vespa from the Census Bureau. By 2035, there will be 78 million people 65 years and older, compared to 76.4 million under the age of 18. So the rapidly increasing older population signals a rapidly increasing need for healthcare, in-home services, assisted living and nursing homes. But since 2015, 75 facilities, both nursing and assisted living facilities, have closed in Nebraska, for a loss of more than 3,000 beds. Eleven of those closures took place in just 2022, with most in our rural areas. Douglas County's long-term care center cares for residents with needs that many of the other private facilities either cannot or choose not to care for. We have had residents referred and admitted from 21 different counties in the state of Nebraska. Many of the residents have some form of dementia, including Alzheimer's and many have severe behavioral issues that are just too difficult for other facilities to address. So Douglas County long-term care facility really is the place of last resort for many of our residents. With nursing homes closing across Nebraska and the increasing need of nursing home facilities and beds, we must not allow what happened with our mental health facilities and beds to happen with our nursing home facilities and beds. As with every legislative session, Douglas County is concerned about the number of bills pending in the Legislature this session that would reduce our revenue sources and other bills that would place more unfunded mandates on Douglas County. While we don't expect all of the

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pending bills to pass collectively, those bills would result in approximately \$4.6 million in additional unfunded mandates to the county. This possibility led the county board proposing the partnership in funding this facility with the state. The long-term care facility is by far in the county's budget to-- is by far the county's most mandate-- nonmandated service and there is simply no other place in the county's budget to receive-- achieve sufficient savings to substantially offset the impact of these legislative bills. And it could have a huge impact on our continued operation. This would be a huge loss to our community, our county and state, our staff and most importantly, to our precious residents and their families. That is why I am here today, seeking to form a partnership with the state. I'm seeking your assistance to help us make sure our facility continues to be available to Douglas County residents and residents across Nebraska. For these reasons, the Douglas County Board respectfully requests the committee vote in support of advancing LB551.

CLEMENTS: Are there questions from the committee? Senator Armendariz.

ARMENDARIZ: Thank you. Thanks for being here.

MARY ANN BORGESON: Thank you.

ARMENDARIZ: So you said that it's being used by 21 different counties.

MARY ANN BORGESON: We have had 21 different counties.

ARMENDARIZ: You've had-- so it's available to the state.

MARY ANN BORGESON: To the state. Um-hum.

ARMENDARIZ: And if we would appropriate the \$10 million that you're now getting from property taxes, would you give that back to the property tax owners?

MARY ANN BORGESON: Well, we would actually, I think, lose it over a couple of things. With bills that are pending, we would have to see what happens. And if those revenue bills that bring, right now, revenue that we use to fund it, if we lose those, this would replace it so we wouldn't have a need to give back.

ARMENDARIZ: You're currently using \$10 million of property tax funds?

MARY ANN BORGESON: Yes, ma'am. To subsidize--

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ARMENDARIZ: Then you would no longer need--

MARY ANN BORGESON: --we would--

ARMENDARIZ: --to use that.

MARY ANN BORGESON: --right. If--

ARMENDARIZ: So would you give it back to the owner-- the property owners?

MARY ANN BORGESON: If the current revenue law-- the bills in the Legislature that we would lose revenue on, if those pass, we wouldn't have any revenue to give back to the residents.

ARMENDARIZ: So you're saying some of these bills are going to require you to pay more out of property tax revenue?

MARY ANN BORGESON: That's why I'm here today asking for the partnership with the state, because if we lose that revenue that we count on now, there's no replacement other than what we would have to do and that is raise the mill levy of our property to--

ARMENDARIZ: Do you-- do--

MARY ANN BORGESON: --generate more property tax.

ARMENDARIZ: --are the Douglas County commissioners supporting those bills that would make you lose that revenue?

MARY ANN BORGESON: No, we--

ARMENDARIZ: So. OK.

MARY ANN BORGESON: No.

ARMENDARIZ: Like you're--

MARY ANN BORGESON: Oh.

ARMENDARIZ: --like you're testifying for this one, are you going to testify for those bills that also cost the county money?

MARY ANN BORGESON: We would probably oppose the bills that-- where we would lose the revenue.

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ARMENDARIZ: OK.

MARY ANN BORGESON: Not support those.

ARMENDARIZ: Thank you.

CLEMENTS: Senator Dover.

DOVER: Can you speak specifically to the bills that you're referencing, where you would, you would lose revenue?

MARY ANN BORGESON: We would have-- Well, let's see. Well, one I know right off the top of my head is the inheritance tax. That's one. And then the other one, I left it in my folder back there. But the other one would be to-- though-- two bills total, about \$28 million that we would lose in revenue, if it was the inheritance tax and the other bill.

DOVER: But how much of that, how much of that money do you have to-- I mean, you're obviously not taking all of that money. The county uses it in a lot of different ways? What percentage, what percentage loss is that of the total revenue?

MARY ANN BORGESON: We use about \$10 million of rev-- of that revenue that we get from those sources to help fund our health center.

DOVER: Are you saying that the inheritance tax is, is directed directly to you then?

MARY ANN BORGESON: Yes. We at-- yes, we get, we get inheritance tax funding and we use it to help fund our health center, to help fund our health, health department and so if we lose that, the only other source of revenue we have, as counties, to generate revenue are property taxes. So we would have to raise our mill levy in order to make up that loss. So that's what generated the conversation to say, maybe, we could form a partnership with the state to help us keep this. It is a nonmandated service. We don't have to do this. And we've had counties across the state not continue to keep their facilities open because of that. But we see this is such an important service to Douglas County and to the state, because we are called upon by the state to help, to help have residents have some place to live.

DOVER: So I-- just for clarification, I think you, I think you actually answered me, but I just want to make sure. As I understand, the inheritance tax goes to the county

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MARY ANN BORGESON: Right.

DOVER: Is the inheritance tax, specifically Douglas County, designated to your facility?

MARY ANN BORGESON: Some of it, yes, we use for our facility. Yes. Because otherwise it would be property taxes-- direct property taxes. So that's correct.

CLEMENTS: Senator Erdman.

ERDMAN: Thank you, Senator Clements. Thank you for coming today.

MARY ANN BORGESON: OK.

ERDMAN: What did, what did your county do with the ARPA money you received?

MARY ANN BORGESON: So the first half that we received, we used to update many of our facilities that we found problems with during ARPA. So we, we run six 24/7 operations. So a lot of the air handling stuff--

ERDMAN: OK.

MARY ANN BORGESON: --we quickly replaced and then, we focused on mental health issues. We focused on the needs within each community, within each district. So each commissioner brought forward their needs within their districts to help fund some of the projects and services. Our second \$55 million we have all agreed to look at, specifically, the mental health issues surrounding our correction facility and our current mental health facility that we operate and see how we would be able to utilize that and have them work more cooperatively together. Because, you know, the mental health issues that we have in our jails, not us, but across the state and across this country, has really worn counties down on how to provide those services. So that's what our second half of the money is going to be used for.

ERDMAN: Appreciate it. Thank you.

MARY ANN BORGESON: And I'm actually very excited about that project so.

CLEMENTS: Senator Dorn.

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DORN: Thank you, Senator Clements. Thank you for being here. Maybe, just to make sure I heard you right, your budget, currently, for your facility there, is \$35 million here. And about \$10 million of that you fund with inheritance money.

MARY ANN BORGESON: Well, inheritance and property. So some years when we're putting the budget together, it depends on what's available for us to be able to utilize, so.

DORN: But that \$35 million then, the clients or the patients pay or Medicare picks up a good share of that.

MARY ANN BORGESON: Medicaid.

DORN: Medicaid. Medicaid.

MARY ANN BORGESON: Medicaid picks up the majority of them.

DORN: And, and this, this would be the loss in that facility, the \$10 million--

MARY ANN BORGESON: Correct.

DORN: --that--

MARY ANN BORGESON: Potentially, yes

DORN: --if you wouldn't fund it, it wouldn't be funded.

MARY ANN BORGESON: Right.

DORN: OK. Thank you.

MARY ANN BORGESON: And you know, just lastly, I mean, I can sit here and tell you not only how wonderful the facility is and the need and the dedicated staff and amazing staff we have, but I would welcome all of you to come and take a tour because you don't know the, the high utilization, the high needs that our residents who-- this is their home. This is where they live. And we have such amazing staff that work very hard every single day. And I would love to show all of you and to-- if you would be willing to come and take a tour someday, we'd welcome you.

CLEMENTS: Other questions? I had a question. If the current inheritance tax bill passes, will that reduce your inheritance tax?

MARY ANN BORGESON: Yes. And I don't know the exact percentage, but there's the, the one that we-- it was over time you guys did a year or so ago, that would reduce the inheritance tax, fade it out, basically. And then there's one to just do away with the inheritance tax. So either way, our share of the inheritance tax, ultimately, will be reduced.

CLEMENTS: My understanding, there's only one bill this year that would put it as a vote-- to a vote of the people. The, the--

MARY ANN BORGESON: That we could no longer.

CLEMENTS: --Legislature would not change any of the rates.

MARY ANN BORGESON: Correct.

CLEMENTS: But the-- it would be on the ballot in November the 24th.

MARY ANN BORGESON: To wipe it out. Correct. It would wipe it out.

CLEMENTS: All right. Just wanted to clarify that.

MARY ANN BORGESON: Yep.

CLEMENTS: The Legislature would not be changing any rates. It would be a vote of the people, depending on what-- that happens. Any other questions? Seeing none, are there other proponents for LB551? Seeing no other proponents, are there any opponents on LB551? Seeing none, anyone here in the neutral capacity? Seeing none, you're welcome to close, Senator.

J. CAVANAUGH: Thank you, Chairman. And thank you, Appropriations Committee, for your attention on a Friday afternoon. I'll try and be as quick as possible. I appreciate Commissioner Borgeson for being here on this bill. This is-- you know, I don't want it to get lost in the fact-- so this facility exists. And it is a facility of last resort for a lot of folks. It's paid for partly out of Medicaid for people who are there. But Medicaid doesn't cover all the costs and so, the county picks up the remainder and that comes out of general county funds. General county funds are made up from property taxes and, and, and inheritance taxes are part of that. And so, I think what's important is, this is-- and they're serving 21 or they've served people from 21 different counties in the state of Nebraska. So this is not just about people in Douglas County, this is about people from all over Nebraska as a place of last resort. And if we are-- the county

loses certain sources of income that we're talking about, whether on the ballot initiative or not, they may have to make tough decisions about whether they keep funding facilities like this, because they're not required to do so. And so that's kind of the conversation we're having here. Is, is it-- is the state willing to help pick up some of this cost, going forward, to make sure that this essential service continues? Obviously, if those things don't, don't come to happen and we do decide to partner with the county, to Senator Armendariz's question, I, I would imagine our, our county board, in Douglas County, I think, is very responsive to taxpayers. And if the state were to come in, step in and help out and they didn't lose these other funding sources, I would bet you they'd have a very robust conversation about whether or not to take that opportunity to lower levies. I'm not going to speak for them, but I would think that that would be something they would certainly entertain. But I'm happy to take any other questions.

CLEMENTS: Senator Wishart.

WISHART: I may have missed this, Senator Cavanaugh, so please just correct me if I do, but I'm, I'm sure you've read the fiscal note. As noted, we don't make direct appropriations to municipalities. We go through agencies. So is it the Department of Health and Human Services that you would be supporting, in terms of this funding going through?

J. CAVANAUGH: That is-- that would make sense, I think, is an agency it-- for it to go through. I guess, I'm, I'm, I'm agnostic about exactly how we would do that.

CLEMENTS: I believe that would be the proper route to go with it. Yes.

J. CAVANAUGH: I trust the wisdom of this committee.

CLEMENTS: Are there any other questions for the committee? Seeing none, thank you, Senator Cavanaugh.

J. CAVANAUGH: Thank you. Have a good weekend, everybody.

CLEMENTS: We have position comments for the record. Go. We have two proponents, no opponents, no neutral. That concludes LB551. And we will open the hearing for LB578. Welcome, Senator DeBoerl.

DeBOER: I'm so happy to be back with you here again today. So hello, all. So good afternoon. Chair Clements, members of the Appropriations Committee. My name is Wendy DeBoer, W-e-n-d-y D-e-B-o-e-r, and I represent District 10 in northwest Omaha. I'm here today to introduce

to you LB578. LB578 is a bill about accountability and oversight. It requires the state auditor to audit all state agencies that were appropriated federal funding from the American Rescue Plan Act, passed by Congress, by U.S. Congress, in 2021. Nebraska received, received \$1.04 billion of state relief funds, which were then allocated through LB1014, the good work of this committee and a few other bills. Thanks for all of that work, those of you who were here. I remember how much of a toll that was on all of you. LB578 seeks to audit the state agencies that received those funds to ensure that they were distributed correctly, in accordance with the Treasury guidance. As you all know, if funds are not distributed correctly, then they would be subject to recapture. So LB578 would also help us get to the bottom of any discrepancy between fund allocation to state agencies and the ultimate distribution of funds to intend-- to the intended recipients. There have been some issues raised about distribution of funds allocated, including to those of-- to the Department of Health and Human Services for distribution. Some of you know that I came before you last year and asked for a distribution to the food banks of Nebraska, to help offset the cost of an increased cost for food across Nebraska. This committee included that within LB1014. But as of this week, there has still not been a dollar that has gone out. Now, I understand that in the last day or two, there has been some approval of the first rounds of payment. I do not know if that has anything to do with this meeting or not, but here it is, so there probably will be going out, I understand, in the next couple of weeks. So this was a program which started in October. Those funds won't go out until March. The audit could help shed light as to why this is happening, why others are not seeing distribution. I do not think it is limited to this situation. So as noted in the fiscal note, I've had good discussion with the Auditor's Office and I'm excited to continue working with them to be sure Nebraska is responsibly paying taxpayer dollars. I'm, I'm not just trying to focus on DHHS. That was one example. Maybe I shouldn't have said it. I don't know. But in general, I think it's important to understand where those dollars are, where the interest from those dollars are and making sure that we're complying with federal requirements. In my conversations with the Auditor's Office, they informed me that, as a part of their yearly single audit, they will likely uncover the requested information and not require extra staffing. So-- however, to generate the report, it would require extra resources, which is reflected in their fiscal note. I intentionally left the dollar amount blank on the bill to allow the committee and the offer-- Auditor's Office the ability to decide what would be appropriate for the needs of the Auditor's Office

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and for Nebraska. Just generally speaking, this bill is about doing our due diligence as a state. It's about accountability and oversight to be sure that the programs that we fund are working as intended. That's something that I'm big on, in general, this year and it's one of the reasons that I brought this bill. LB578 will give us a publicly available report on how Nebraska is doing, as it works to spread-- spend an unprecedented amount of taxpayer dollars, which we received as part of the state relief funds. So thank you for your consideration of this bill. I'm willing to answer any questions to the best of my ability.

CLEMENTS: Questions from the committee? Senator Dorn.

DORN: Thank you, Senator Clements. Thank you, Senator DeBoer. This is going to be a one-time audit or will it be later on in the process also?

DeBOER: Yeah. I--

DORN: And then, a one-time audit looking at what date of this?

DeBOER: --so the idea was to do it as part of this-- and I'm going to look at that single audit. So as part of that, they collect the-- as part of the yearly single audit, they collect the data, so then, make the report, so that would be going forward, annually, while we're giving out those moneys.

DORN: OK. But it's-- your bill, it doesn't have the e-clause on it. So when it would take effect, approximately, September 1 or whatever, as of that time, that is when they would audit this.

DeBOER: Yeah.

DORN: OK.

CLEMENTS: Senator Armendariz.

ARMENDARIZ: Thank you. I just wanted to build on that a little bit. So are these hired employees? Are these contractors for this project and then they're done when it's over?

DeBOER: No. I think this would be done within the, the Auditor's Office, so through the-- my intention is it'd be through the people we already have hired in the Auditor's Office.

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ARMENDARIZ: So they-- you would hire additional staff to do this?

DeBOER: I would ask the auditor what they would need for that to do that.

ARMENDARIZ: I would-- yeah. So I would be hesitant if it's a project. Are we giving him long-term employees for a project? So contract employees? Yeah, that makes sense, but--

DeBOER: Yeah, whatever--

ARMENDARIZ: --new employees, long-term, for the state.

DeBOER: --I see what you're saying. You're asking me if the-- if I mean long-term FTEs.

ARMENDARIZ: Exactly.

DeBOER: No, sorry. Whatever he needs to-- I, I can't imagine he would need, you know, a whole lot of work. But whatever he needs to get some extra help to get this done, in the time that he needs it.

CLEMENTS: Oh, excuse me. Senator Wishart.

WISHART: Thank you. Noted in the fiscal note, it does look like the auditor is going to ask for two half-time positions. And totaling \$89,908. Would you be amenable-- the, the Appropriations Committee included, in ARPA funding, a portion of that to go to administrative costs? I believe we designated that to the DAS. Would you be amenable if we were able to find cash funds instead of general funds to, to support this [INAUDIBLE]?

DeBOER: Absolutely. Absolutely. Yeah, I-- as long as that's fine with the, with the committee. That would be fine with me.

WISHART: And then one follow-up question. Timing wise, you're anticipating that there would be an audit every year, starting this year in the fall, of ARPA funds?

DeBOER: Correct.

WISHART: OK.

CLEMENTS: Other questions? Senator Dover.

DOVER: Until twenty-- it'd be until 2026?

DeBOER: Correct.

DOVER: Thank you.

CLEMENTS: Senator Vargas.

VARGAS: Thank you, Senator DeBoer. I guess, along the same lines, it would be helpful that we get legislative intent language, in regards to many of those things. That'll be done every single year, you know, a little bit on the scope of the audit-- a little bit would be helpful, because, I think, what you brought up as an example, which is concerning, that funds that were awarded and submitted, it took this long to get reimbursed, I think is what my understanding is from, from the food bank. It's not anything--

DeBOER: That's correct.

VARGAS: --that's a, that's a bit of a long process. So it's a little bit of the audit of the process it takes to get the money out, as much as it getting out and being used effectively, which is also another thing. It would be interesting to dig a little deeper as to what other states have done, since we are-- and I'm getting head nods that maybe other states are doing in this arena, either from an auditor in other states or if they are contracting out private, private entities. But we contracted Deloitte to do some of this internal auditing, if that can be done. Because other states have already disbursed their funds, because they were either all-year sessions-- so we got a little bit to learn from, from what they're doing. And if you're also open, it's just be-- it doesn't have to be that they, they hire what it looks like full-time people, but that they can contract out, basically, to whatever, whatever they need to. And if you're open to that, we'll get to work on that.

DeBOER: The answer is absolutely to all of those questions. What I would like to do is I would like to have some accountability. I'd like to know where the funds are going, how the funds are going, what's happening to the interest. And I would like to have a report that we can all look at that tells us that, including state senators who can go and look at that and see how it's all coming, because, of course, part of that is our responsibility to make sure, one, there's not clawbacks and other things like that. So I would like to know what's happening with that. How to do that, you probably have more expertise here in this committee than I do on that.

CLEMENTS: All right. Other questions from the committee? Seeing none.

DeBOER: I'm going to have to waive close. I got to get back to Judiciary.

CLEMENTS: Very good. Thank you. Are there proponents for LB578?

CRAIG BECK: Good afternoon, Chairman Clements and members of the Appropriations Committee. I am Craig Beck. That's C-r-a-i-g B-e-c-k, representing OpenSky Policy Institute. We are here today to testify in support of LB578 because we believe increasing transparency and accountability in state government, especially with regard to state spending, is worthwhile. This bill would help make sure that American Rescue Plan dollars appropriated to state agencies are being used correctly to avoid a potential federal clawback of funds. Other states, including Wisconsin, which recently conducted an audit, have begun oversight of how these funds were used. And we believe doing so in Nebraska would allow the state to get in front of any potential issues and stay in compliance with federal regulations around the usages of American Rescue Plan funds. To touch on Senator Vargas's question, briefly, it is my understanding that states have taken varying levels of oversight with regard to their ARPA funds. In particular, as I mentioned, we are aware of an audit, in Wisconsin, of a particular program that sent out funds for varying purposes. I'm also aware of states that have set up citizen oversight. As far as using a state auditor's office, I'm not aware of any other states that are doing that, but we certainly support the intent of Senator DeBoer's LB578. So just very briefly, Senator DeBoer had mentioned state fiscal recovery funds. So, you know, analysis of the state distribution of these funds shows that Nebraska has allocated, you know, significant funds to economic development, to capital construction, public health, to name a few of the bigger categories. And we certainly believe that it is important for the state to demonstrate publicly that these funds were used for their intended purpose as allocated. And it is for these reasons that we support LB578. Thank you.

CLEMENTS: Are there questions from the committee? Seeing none, thank you for your testimony. Are there other proponents for LB578? Welcome and thank you for sitting here so long to wait for your turn.

MELISSA FILIPI: Thank you. Thank you, Chair Clements, committee members. I'm Melissa Filipi, M-e-l-i-s-s-a F-i-l-i-p-i. I am here to testify in support of LB578, on behalf of the Nonprofit Association of

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the Midlands. NAM, Nonprofit Association of the Midlands, is a nonprofit association with more than 780 organization members dedicated to strengthening the collective voice, leadership and capacity of nonprofit organizations that enrich the quality of community life throughout our state. In the summer and fall of 2021, NAM organized roundtable discussions, inviting community and business leaders, subject matter experts and nonprofit leaders all across the state, to work on prioritizing the post-COVID needs of Nebraskans as the American Rescue Plan Act was passed by Congress. NAM's goal in these meetings was to clarify and boil down priorities and make real life recommendations to the Nebraska Legislature, as this body made decisions on how to distribute the over \$1 billion through the state and local fiscal recovery funds provision in federal legislation. With input from hundreds of Nebraskans, NAM testified before this committee several times over the course of the past two years, promoting recommendations and this committee did fund many of those proposals as they were introduced by state senators. We want to thank those of you that were part of the decision-making process during the 2022 Legislative Session. The guidelines provided for the distribution of these dollars is rigorous and it's important that they are followed and that if dollars cannot be spent under those guidelines, that they are returned to the state to be reallocated to the many entities and programs that do qualify and support the objectives of the original legislation. And because there is an end date of 2026, we only have a short window to make these decisions. An audit by the State Auditor's Office is the clearest and most expedient way to make this happen and I'm here today to voice NAM's support of LB578. The American Rescue Plan Act was a once in a lifetime, if not longer, opportunity to revive, rebuild and rejuvenate our communities and our citizens through a pandemic never seen before in recent history. It's vital to ensure that these funds were and are allocated correctly. An audit would identify if funds need to be reallocated before the dollars have to be given back to the federal government. We need to be good stewards of these funds to help Nebraskans as the recovery continues and ensure the public's trust. Thank you all for your service and I'm happy to answer any questions if I can.

CLEMENTS: Are there questions from the Committee? Seeing none, thank you for your testimony. Are there other proponents for LB578? Are there any-- anyone here in opposition of LB578? Anyone in the neutral, neutral capacity? Seeing none, do we have any comments? There's no comments. That concludes the hearing for LB578.

WISHART: And we will now open the hearing for LB598 Chairman Clements.

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CLEMENTS: Thank you, Vice Chair Wishart. My name is Rob Clements, R-o-b C-l-e-m-e-n-t-s. Thank you, members of the Appropriations Committee. I represent Legislative District 2. I'm here to introduce LB-- LB598. LB598 is a shell bill, introduced to provide a contingency in the event the Appropriations Committee needs an additional bill to carry out its budget, budget recommendations. There are no substantive provisions at this time. It would only be used in case we had another measure that we had to introduce. I thank you for your consideration. I will try to answer any questions at this time.

WISHART: Thank you, Chair. Any questions? Senator--

McDONNELL: You're kidding me. You're kidding me. You have a question?

DORN: Yeah. I wonder why he doesn't have anybody testifying in favor of this bill. [LAUGHTER].

WISHART: Senator Vargas.

McDONNELL: You know what? I'll testify in favor.

_____ : You will? OK.

WISHART: Senator Vargas.

VARGAS: I don't anymore. I was raising it to try to ask the same thing.

WISHART: OK. Thank you.

DORN: Everybody, for that money.

WISHART: Seeing no questions, does anybody here-- thank you for your testimony.

CLEMENTS: I'll be here to close if I need to.

DORN: The way I was.

WISHART: Is anyone here to testify in support of this legislation? Is anyone in opposition? Anyone in the neutral?

DORN: Too bad Erdman isn't here. You could be neutral.

WISHART: Seeing none, we have no letters for the record and the Chair waives closing. That closes the hearing for LB598 and our hearings for today.