

Transcript Prepared by Clerk of the Legislature Transcribers Office
Banking, Commerce and Insurance Committee January 31, 2023
Rough Draft

SLAMA: Good morning and welcome to the Banking, Commerce and Insurance Committee. My name is Senator Julie Slama and I represent the 1st Legislative District in far southeast Nebraska. I serve as Chair of this committee. The committee will take up bills in the order posted. Our hearing today is your public part of the hearing-- of the legislative process. This is your opportunity to express your position on the proposed language before us today. Committee members will come and go during the hearing. We have to introduce bills in other committees and are called away for that reason. It's not an indication that we are not interested in the bill being heard. It's just part of the process. To better facilitate today's proceedings, I ask that you abide by the following procedures. The information is posted on the chart by your left. Please silence or turn off your cell phones. Move to the front row when you are ready to testify. The order of testimony will be as follows: introducer, proponents, opponents, neutral and the close should they choose. Testifiers, please sign in. Hand your pink sign-in sheet to the committee clerk when you come up to testify. Spell your name for the record before you testify. Be concise. It is my request that you limit your testimony to three minutes. If you will not be testifying at the microphone, but want to go on record as having a position on a bill being heard today, there are white tablets at each entrance where you may leave your name and other pertinent information. These sign-in sheets will become exhibits in the permanent record at the end of today's hearing. Written materials may be distributed to the committee members as exhibits only while testimony is being offered. Hand them to the page for distribution to the committee and staff when you come up to testify. We'll need ten copies. If you have written testimony, but do not have ten copies, please raise your hand now so that one of our amazing pages can make copies for you. To my immediate right is committee counsel Joshua Christolear. To my left, at the end of the table, is our committee clerk, Natalie Schunk. The committee members with us today will introduce themselves beginning on my far left.

BOSTAR: Eliot Bostar, District 29.

von GILLERN: Fred von Gillern, District 4.

AGUILAR: Ray Aguilar, District 35.

JACOBSON: Mike Jacobson, District 42.

KAUTH: Kathleen Kauth, District 31.

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BALLARD: Beau Ballard, District 21.

DUNGAN: George Dungan, District 26.

SLAMA: Also assisting the committee today are the committee pages, Quinn Eilers and Luke McDermott. The committee will take up bills today in the following order: LB3, LB113, LB93, LB536 and LB628. And with that, we'll open our hearing on our first bill of the day, LB3. Senator Sanders, good morning.

SANDERS: Good morning. Good morning, Chairwoman Slama and the committee members. For the record, my name is Rita Sanders, R-i-t-a S-a-n-d-e-r-s, and I represent District 45, which includes much of the Bellevue-Offutt community in eastern Sarpy County. Today, I'm introducing LB3 to clean up a bill the Legislature passed last year. I'd like to thank the Nebraska Association of County Officials for bringing me this bill. In 2022, I introduced LB1165. That bill would allow public entities with bond issues that have been approved by the voters to include the bond within the levy prior to the bond being issued. The bill passed the Legislature on a consent calendar with no opposition and it is signed into law on April 18. As counties began looking at ways to do this, if you had concerns that some existing laws which allow levies for certain kinds of bonds quote, as they become due, unquote might conflict with LB1165. LB3 would harmonize those sections. In LB3, LB3 would set a deadline for political subdivisions in which voters have approved a bond to notify the county assessor so that the correct valuation be certified in a timely fashion. Last year, a school passed a bond issue on August 9 and there were delays in reporting it to the assessor. Because the county assessor certified taxable valuations and growth value on or before August 20 of each year, it is difficult to build a new tax district for that bond in that time. LB3 would set a deadline for reporting a bond election to the county assessor that mirrors the deadlines for reporting annexations, August 1 for cities of the metropolitan class and July 1 for other entities. Finally, in Section LB3 [SIC], makes a technical cleanup to reflect the actual practice of the county board rather than the county clerk levying taxes for bond sinking funds. The county clerk would place this information on the tax roll. Following me are some testifiers who know the bonding process well. I thank-- I again thank the Nebraska Association of County Officials for catching this issue. I thank the committee for their attention and I welcome any questions you might have.

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SLAMA: Thank you, Senator Sanders. Are there any questions from the committee? Seeing none, thank you very much.

SANDERS: Thank you and I will waive my closing so--

SLAMA: Wonderful. Thank you.

SANDERS: --I can get back to the Education Committee. Thank you.

SLAMA: All right. We'll now begin taking proponent testimony for LB3.

JON CANNON: Good morning--

SLAMA: Good morning.

JON CANNON: --Chairwoman Slama, members of the Banking Committee. My name is Jon Cannon. I am the executive director of the Nebraska Association of County Officials-- you also have heard of us referred to as NACO-- here to testify today in support of LB3. First and foremost, we want to thank Senator Sanders for bringing this bill. We were fully in support of LB1165 last year. We thought it was a good idea. You know, frankly, from the taxpayer perspective, when you pass a bond, the ability to actually start collecting and levying for that bond so you can pay it off is going to save the taxpayers just a little bit of money because that's one extra year of interest payments that you're-- or payments that you're able to make against interest and principal. However, no good idea goes unpunished. And so last year, as Senator Sanders alluded to, we had a bond election for a school in, in your district, Senator Slama, in Palmyra/Bennet Schools on August 9. The information made its way to the assessor on August 23. And the reason these dates are, are important, I'll get into a little bit of a description of. So when the assessor certifies values, they do so by August 20 of each year, OK? And what then happens is you've got the process where we go through the budgeting process for all of our political subdivisions and they have until September 30 to file their budget with the State Auditor. So we've got a fairly limited window where we're undertaking all these sorts of things. So last year when the assessor-- the assessor actually did a great job-- Christi Smallfoot, the assessor in Otoe County. She got her value certified out by August 17 so she was a little bit early, prior to that August 20 date, and she received notice on August 23 and so what she had to do is recertify. And, and I'm not here to say, you know, oh, this is a, you know, a great injustice that was done. That's, that's not the case. We have computers. You know, we can take care of

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these sorts of things. But what you have to do is the way that the property tax system works is where I live in Lincoln, I don't just have one tax rate that applies to me and everybody else that lives in Lincoln. I've got Lincoln Public Schools, city of Lincoln, Lancaster County, Southeast Community College, I've got NRDs, ESUs, etcetera. And all those different political subdivisions layer and their levy rates layer. And that comes up with a common levy for me and my property and actually my wife's property because the title is in her name. But anyway, the, the--- at the end of the day, the facts remain that you've got these common tax districts, what we refer to as tax district. That's where the, the stacking of levies is common in such a way that you've got a common rate. And so essentially, when you add a bond in there-- and the bond isn't necessarily for everybody in a particular school district because it can vary from-- there are some bonds that I am not paying on in Lincoln Public Schools, for instance. Because of the fact that that's not common, that means you have to build out different tax districts and that takes just a little bit of time. And as I mentioned, we already have a very narrow window of time between August 20 and September 30 in order for us to have our value certified and then our budgets published. So that takes a little bit of time. That's essentially what we're trying to do is, is save on, on, you know, the possibility of having to recertify values, which kind of shrinks that window. And I-- it appears that I'm out of time.

SLAMA: I think we get the general idea. Lesson number one in the Legislature is by the time anybody tells you a consent-- it's going to be a consent calendar, it won't be or otherwise you will be stuck in the Banking, Commerce and Insurance Committee with a cleanup bill the next year. So with that, are there any questions from the committee? Wonderful. Thank you. Mr. Cannon.

JON CANNON: Thank you very much.

SLAMA: Additional proponent testimony? Good morning.

LYNN REX: Good morning, Senator Slama and members of the committee. My name is Lynn Rex, L-y-n-n R-e-x, representing the League at Nebraska Municipalities. It's a pleasure to be here today. We appreciate Senator Sanders introducing this bill. Like NACO, the League strongly supported LB1165. We support this as a clarification and specifically the last page, which goes through a lot of detail-- and this would be on page-- what is it here-- I should put my glasses on-- on page 5, so. But the entire bill, there's a lot of technical cleanup for other things that Jon has already covered on behalf of NACO. But we think

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this is an added clarification so that there's no question that by August 20, that all the assessed property that needs to be there is there. With that, I'm happy to respond to any questions that you might have.

SLAMA: Wonderful. Thank you, Ms. Rex. Are there any questions from the committee? Seeing none, thank you very much.

LYNN REX: Thank you very much. Thank you.

SLAMA: All right. Additional proponent testimony? Any opponent testimony to LB3? Seeing none, any neutral testimony? And with that Senator Sanders waived closing. For the record, there are no rec-- letters for the record on LB3. And this will bring to a close our hearing on LB3 and bring us to Senator McDonnell's LB113. Good morning, Senator McDonnell.

McDONNELL: Good morning. Good morning. Thank you, Senator Slama, members of committee. My name is Mike McDonnell, M-i-k-e M-c-D-o-n-n-e-l-l. I represent Legislative District 5. LB113 would add an additional \$21 million to the Nebraska Investment Authority [SIC], NIFA, to provide the grants using General Fund money to low-income housing developments. The Legislature provided additional resources to NIFA just like this last year and NIFA was able to distribute the money across the state to a number of projects. In those handouts, you'll see, by your, your legislative district, some of those projects. Of the financial appropriations allocated last legislative session, at least 400-plus units have already been awarded grants in addition to another 200-plus units on an average worth of grants that will be obligated by the end of this fiscal year. I'm asking that we continue to move forward and grow the work we set forth to accomplish last year. I envision these grants being utilized in a situation where a development project had previously applied to NIFA and due to the increased cost of labor and materials, the project no longer meets the financial feasibility standard that NIFA uses. The additional grant money could be used to supplement these projects that were stalled or stopped altogether on the-- on this basis and further advance the goal in providing affordable low-income housing. I know this committee as well as the Legislature will hear a number of proposals as it relates to housing, some of which are broad in scope and others which are narrow. I would suggest that we need to make housing a priority as we move forward with state General Fund and I would propose that the low-income housing developed through NIFA be part of these discussions. Shannon Harner, executive director of NIFA and Tom

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Stratman, chief acquisitions officer for Midwest Housing Equity Group, will testify following my introduction to explain more about low-income financing projects and answer any type of questions you may have. Thank you.

SLAMA: Thank you, Senator McDonnell. Are there any questions from the committee? Seeing none, thank you very much. We'll now open up proponent testimony for LB113.

SHANNON HARNER: Good morning, Senator Slama and--

SLAMA: Good morning

SHANNON HARNER: --members of the committee. My name is Shannon Harner, S-h-a-n-n-o-n H-a-r-n-e-r, and I'm the executive director of the Nebraska Investment Finance Authority. I'd like to thank Senator McDonnell for bringing this bill. As he noted, NIFA received funding last year, \$20.5 million. We were able to allocate those funds by mid-December and those were allocated to 14 different projects and 696 units. We did have one of those fall out, but it will come back around in, in this next session. But we anticipate that an additional tranche of funding, so another \$21 million, would certainly be fully utilized within our 2023 and 2024 projects with similar results as far as enabling us to move forward with probably close to 700 additional project units. This funding has been critical in ensuring that projects move forward because costs significantly increased. We saw costs increase from between 15 to 30 percent over the course of 2020 to today. And while we hope that prices are stabilizing, what this means is this-- what this money can mean for us is that we can continue to produce additional units. Because as the cost goes up, the allocation of tax credits, specifically on the 9 percent side, which is a limited amount, then has to go toward the additional costs, reducing the number of units that we can produce. So this type of gap funding would be well, well utilized. Are there any questions?

SLAMA: Thank you very much. I appreciate your testimony. Are there any questions from the committee? Yes, Senator Kauth.

KAUTH: Thank you, Senator Slama. Is something that the ARPA funds would go to or is this because-- it's being asked for from the General Fund, correct?

SHANNON HARNER: This would be General Fund. The previous tranche was, in fact, ARPA funding.

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KAUTH: And is there no more ARPA funding available for it?

SHANNON HARNER: It's-- right, yep.

SLAMA: Thank you, Senator Kauth. Any additional questions? Seeing none, thank you very much for being here today.

TOM STRATMAN: Senator Slama and committee members--

SLAMA: Good morning.

TOM STRATMAN: --my name is Tom Stratman. That's T-o-m S-t-r-a-t-m-a-n. I'm the chief acquisitions officer at Midwest Housing Equity Group. Midwest Housing Equity Group is a Nebraska nonprofit corporation formed in 1993 to support the financing and development of affordable housing by investing in affordable housing finance with tax credits. Since inception, we have invested over \$750 million in the state, helping finance more than 6,300 units of affordable housing. And we've invested in 50 different counties and 67 different towns across the state. You can see many of our projects on the handouts you were provided. I'm here today to testify in support of LB113, introduced by Senator McDonnell. LB113 provides a much-needed resource for housing development across our state and I want to thank Senator McDonnell for sponsoring this important legislation. Nebraska needs more housing. Every study, every interview, town hall meeting indicates we need more housing. No one says we have too much housing and the positive impacts of quality, affordable housing or many: good jobs, good schools, good civic activities. And none of that happens if we can't offer safe, quality, affordable homes. So how do we help fix the problem and create more housing and make our communities more viable? By, by providing additional resources to supplement and leverage existing federal and state programs like federal and state affordable housing tax credits. LB113 would allocate \$21 million to the Nebraska Investment Finance Authority. The bill further directs NIFA to make grants or loans for the development of affordable housing across Nebraska. These grants must be twinned with federal low-income housing tax credits to create housing. That means that this bill would result in more housing being built across the state. It will result in a multiplier of about 10 to 1 in our estimation. Stated otherwise, the \$21 million in this bill should result in the creation of around \$200 million in new housing. And this is a win-win scenario: communities get more housing, tax revenues increase, and the state effectively leverages its resources in an efficient manner. I'll close by saying that we're not reinventing the wheel. NIFA has experience

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administering federal and state funds in this manner. Specifically, NIFA administered a similar appropriation just last year from the COVID relief funding, the ARPA funds we've just talked about. Previously, it administered two federal grant loan programs that were enacted in the wake of the global financial crisis in 2008-2009, the 1602 credit exchange program, and the TCAP loan program. Similar to this bill, those programs were also twinned with the LIHTC program that NIFA already administers. In sum, this appropriation leverages existing federal and state resources, is available statewide and is executed by an entity with demonstrated experience in deploying this type of resource. Thank you for your time and consideration. I'm happy taking questions.

SLAMA: Thank you very much, Mr. Stratman. Are there any questions from the committee? Yes, Senator von Gillern.

von GILLERN: Yeah. Thank you, Senator Slama. Mr. Stratman, you had mentioned that \$21 million will generate approximately \$200 million in new housing. Do all of those go on the tax roll fully loaded?

TOM STRATMAN: There's a, there's a special assessment for tax rate projects. So they all do go on the tax roll under a-- the [INAUDIBLE].

von GILLERN: Similar to a market rate unit that goes on that-- for the same value or at a reduced rate?

TOM STRATMAN: Typically, it's slightly reduced rate.

von GILLERN: OK. Thank you.

SLAMA: Thank you. Senator von Gillern. Are there any other questions? Seeing none, thank you very much--

TOM STRATMAN: Thank you.

SLAMA: --Mr. Stratman. Good morning.

WARD F. HOPPE: Good morning, Senator Slama, members of the committee. My name is Ward F. Hoppe, W-a-r-d F H-o-p-p-e. I'm a builder. I build affordable housing across this state. Got some in Valentine, Fremont, Grand Island, Lexington. I've got several projects in Lincoln. And I want to tell you what affordable housing is all about. It's about the-- putting together a capital stack that allows you to pay for housing where the housing rents that are generated don't amortize the cost. So you've got a cost of housing up here. If you run your rent

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stream, you can pay for this amount. So you got a big difference that you have to come up with to make a project work. When you go after affordable housing, it-- 4 percent and 9 percent tax credits are all based on getting allocations of tax credits from NIFA or an allocation of bond capacity from NIFA. Four percent is bonds through our regular tax credits and 9 percent project. When you put those together, you figure out what the different pieces of income or pieces of capital there are to make this stack that pays for the project. When you put together your applications-- and applications are awarded once a year now-- you're doing it approximately a year ahead of when you get the credits or you make your application. A month or so later, you get an award-- if you do and you're good at it. My company is pretty good at it-- and then you're starting construction maybe four months later. You actually firm your bids as soon as you know that you got a tax credit award. What I'm telling you is in that process, a year and a half earlier than when you're actually getting the firm bids to build your project, you're estimating it and getting the, the tax credit awards or filling out what you think is the financial model of your project. Well, it's not perfect. And in that process, what this money that, that is being asked for in LB113 is to give NIFA a pot of money so that if guys like me miss our numbers, we can go back and say, hey, we can't build this unless we get a little bit more. Can you give us some of that money to be that little bit more to get a project done? Now, I can give you examples. I'm looking like-- I hope my time is OK. I'm looking at examples we have and how particularly in the last two years, it's been a problem. Gatehouse, Lincoln, over project cost by about \$600,000. We cleared that not by going to NIF, but we figured out how to get additional bases because of off-site costs. Valentine, \$400,000 more than we expected. West Point, \$250,000 more than we expected. NIFA bailed us on that. Fremont Omega, 49 units in Grand Island. Both West Point and Fremont Omega are renovations of nursing homes into affordable housing, \$750,000 off. Went to NIFA to help us out with that. Those are examples of we wouldn't have approximately 100 units if we didn't have a way to fill that gap at the end of the road. And not to-- and that's just the start. I can give you some other examples. In any case, thank you for your time. Having a slush fund at NIFA is important to get deals finished, to get them on the street, so.

SLAMA: Well, thank you, Mr. Hoppe. I appreciate it and appreciate all the work you do for affordable housing in the state of Nebraska.

WARD F. HOPPE: Thank you.

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SLAMA: Are there any questions from the committee? Senator Jacobson.

JACOBSON: Mr. Hoppe, I guess the question I'd have is I recognize, particularly given the pandemic, we saw almost every builder really run into problems because they grossly underestimated cost of construction, cost of materials, delays in materials--

WARD F. HOPPE: Yes, sir.

JACOBSON: --labor costs, all of those things. And, and, and so we've seen that exacerbated over the last couple of years. As we move into what might be more of a normalized environment, do you anticipate that we're still going to have these kinds of misses on your initial estimates versus the time you get the construction done? Or how do you see that improving into the future?

WARD F. HOPPE: Well, I think supply is going to improve so that's going to make a difference. That the-- it was just hard to tell what was going to go up in the last 24 months. You know, pipe went up insane. We haven't been able to get electrical stuff. We're, we're still--

JACOBSON: And I recognize that.

WARD F. HOPPE: --so, yeah.

JACOBSON: I guess my, my question really kind of drive-- is driven more towards the idea that we're asking for this additional funding now. Do we see that coming to an end, that we're really trying to bring the fix to where we're-- in the environment we're in now? Do we see this going to be more of a normalized environment or are we expecting this is going to be an ongoing thing that's going to go on into the future even once we see the labor markets and the supply chains get back to normal?

WARD F. HOPPE: I think it'll stabilize, Senator.

JACOBSON: OK. Thank you.

WARD F. HOPPE: I think it's going to stabilize as far as production. One of the, the interest rates have really kicked starts in the teeth that-- so we're looking at the, the market, market rate things and has slowed down. And I think we're going to get some stability in supply and labor.

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JACOBSON: Yeah, thank you.

WARD F. HOPPE: Yeah.

JACOBSON: Thank you.

SLAMA: Thank you, Senator Jacobson. Additional questions from the committee? Seeing none, thank you very much, Mr. Hoppe.

WARD F. HOPPE: Thank you.

SLAMA: Good morning.

CAROL BODEEN: Good morning. Chairperson Slama and members of the committee, my name is Carol Bodeen and that's C-a-r-o-l B-o-d-e-e-n. I'm the director of policy and outreach for the Nebraska Housing Developers Association and I'm here today in support of LB113. We thank Senator McDonnell for bringing this in-- legislation. We are a statewide organization. We represent over 70 members-- and including two that just testified for you-- from across the state. Our mission is simple. It's to champion affordable housing. It's our goal that Nebraskans of every income have the cornerstone foundation of a healthy and affordable home. Our members include both nonprofit and for-profit developers and organizations. We express our support for LB113, the bill to appropriate \$21 million to facilitate the Nebraska Investment Finance Authority in developing the affordable rental housing for low-income families via the use of the tax credits. It's becoming a bit of a broken record, but it is well documented that all types of housing are needed and, and badly so and especially so for our lower income. We feel like this is a very valuable tool in developing these needed properties and we express our support and ask that you advance this legislation.

SLAMA: Thank you very much. Ms. Bodeen. Are there any questions from the committee? Seeing none, thank you very much for being here today. Good morning.

JUSTIN BRADY: Good morning. Chairwoman Slama and members of the committee, my name is Justin Brady, J-u-s-t-i-n B-r-a-d-y. I appear before you today as the registered lobbyist for the Nebraska Realtors Association, for the Metro Omaha Builders Association, for the Home Builders Association of Lincoln and the State Homebuilders Association. Also for full disclosure, we do do work with Midwest Housing Equity Group, who you heard from Tom earlier. And instead of going through my testimony, what you've heard from everybody, I

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thought I would address some of the questions and things that have come up. For Senator von Gillern, you had asked about the tax rate. It doesn't go at 100 percent market rate because the agreement with these projects, a lot of them, are they agree either for 15 or 30 years to set the rate at a lower rent than what the market is. So there is a formula that, that these projects go through. Their county sits on it. Developers sit on it. The state sits on this, this committee, to set the tax rate. So they do go on the tax rolls, but not at a market rate because they aren't able to charge a market rate rent. Senator Kauth, far as the ARPA dollars, yes, last time, they were ARPA dollars and in all honesty, working with Senator McDonnell's office, we made the request to do them ARPA dollars again. Bill Drafters said that since all the ARPA dollars are technically allocated and their balance sheet shows zero, we needed to come in in General Funds. If this committee would feel the need to say, hey, the way we feel comfortable moving forward is to put it on the ARPA dollars knowing that they're-- or knowing or assuming that there's going to be ARPA dollars still available, I can tell you at least the people we work with-- you'd have to check with Senator McDonnell. But people we work with are perfectly fine with that. Because we do see it, Senator, as more of a short-term deal to gap-- to get this done. As Mr. Hoppe spoke, you know, the market is stabilizing. Yes, stabilizing at a higher number, but at least now they know what they have to hit. And then finally, I'd just leave with you, you know, like it was said, you're going to have lots of housing bills, lots of discussion on what do we do for housing. I would say that this program through NIFA really does give a huge return on your investment. Not that other programs aren't great, but I think a lot of programs you look at and you say the state's going to go spend \$1 and they get \$1 worth of house out of it. As you've heard here, you're going to potentially spend \$21 million and get tenfold that in housing. So I'd say as a return on investment of the state tax dollars, it's a very well-run program that should be considered. So with that, I'll try to answer any questions.

SLAMA: Thank you very much, Mr. Brady. Are there any committee questions? Seeing none, thank you very much.

JUSTIN BRADY: Thank you.

SLAMA: All right. Additional proponent testimony for LB113? Seeing none, is anyone here to testify in opposition to LB113? Seeing none, anyone wishing to testify in the neutral position? Seeing none, Senator McDonnell, you're welcome to close. And as you're approaching, we have two letters for the record on LB113, both proponents.

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McDONNELL: Unless you have questions, I'm going to waive.

SLAMA: Outstanding. Do we have any committee questions?

McDONNELL: Thank you.

SLAMA: Thank you very much, Senator McDonnell. That brings--

McDONNELL: See you this afternoon.

SLAMA: We will see you this afternoon, I think, for a while. All right, that brings to a close our hearing on LB113. And with that, I'll turn things over to my esteemed Vice Chairman, Senator Jacobson, and we'll turn to LB93.

JACOBSON: OK. Thank you, Chairperson Slama. And we will now move to LB93 and that will be-- the open will come from Senator Slama.

SLAMA: Good morning, members of the committee. My name is Julie Slama, J-u-l-i-e S-l-a-m-a, and I represent District 1 in southeast Nebraska. Today, I'm here to introduce LB93. This bill would amend Nebraska Revised Statutes Chapter 44 in a few different places. These statutes require mandatory security deposits to be made to the Department of Insurance by domestic insurers, nonexempt domestic assessment associations, foreign insurers and assessment associations and insurers dealing in legal expense insurance. Under current law, those named categories of insurers can only name policyholders as beneficiaries of mandatory security deposits. LB93 would make it so that those insurers could name either just policyholders or both policyholders and creditors as the beneficiaries of mandatory security deposits. These security deposits are required by states on a retaliatory basis and states will often invent a company if they have made a deposit for the same purpose in another state. The issue in matching the purposes for the deposits is that there are some states that say these deposits must be for the benefit of all policyholders and there are other states that say the deposits must be for the benefits of creditors and policyholders. Changing our language to policyholders or policyholders and creditors allows a deposit to be made with us to satisfy those other state requirements. And also means if a foreign insurer who wishes to do business in Nebraska has made a deposit in another state already, that deposit would satisfy our requirements and they would not need to make another. Thank you and I look forward to your questions, although there are people behind me who are far more well qualified to testify on this than I am.

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JACOBSON: Questions from the committee? If not, thank you--

SLAMA: Thank you.

JACOBSON: --Senator Slama. I'll now ask for proponents of the bill.

ERIC DUNNING: Good morning, Mr. Vice Chairman and members of the Banking, Commerce and Insurance Committee. My name is Eric Dunning. For the record, that spelled E-r-i-c D-u-n-n-i-n-g. I'm the Director of Insurance here to testify in support of LB93. First, I'd like to begin by thanking Senator Slama for introducing this bill and working with the department to make sure that this occur. LB93 allows the security deposits that insurers maintain with the department to be made for the benefit of policyholders or policyholders and creditors. Again, just to double down on what Senator Slama said, the deposits are required by states in order to do business. In many of those states, there's a discrepancy between who those deposits are held for; either the, the policyholders and creditors or the policyholders. And so when, and so when insurers come in and say, well, I have this deposit established for the creditors or the policyholders and creditors, it doesn't work for us. So it ends up with a significant amount of bureaucratic paper shuffling on, on this. This will be a clean-up change to the Nebraska revised statutes and should make it easier both for insurers to do business in the state and for the Department of Insurance as it administers a deposit, which is currently set at \$100,000, by the way. So with that, I'd be happy to answer any questions.

JACOBSON: Questions for Mr. Dunning? If not, thank you for your testimony.

ERIC DUNNING: Thank you, sir.

JACOBSON: Other proponents.

ROBERT M. BELL: Good morning, Vice Chairman Jacobson and members of the Banking, Commerce and Insurance Committee. My name is Robert M. Bell, last name is spelled B-e-l-l. I am the executive director and registered lobbyist for the Nebraska Insurance Federation. I'm here today to testify in support of LB93. The Nebraska Insurance Federation is the state trade association of insurance companies. The federation currently has over 40 member insurance companies. Members of the Federation include companies who have-- who write all lines of insurance and who provide over 16,000 jobs to the Nebraska economy and

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over \$14 billion of economic impact to the state on an annual basis. Perhaps most importantly, Nebraska Insurance Federation members provide high-value, quality insurance products that protect Nebraskans during difficult times. As you've already heard, LB93 would update the statutory deposit statutes to add the term "creditors" to the various statutes that describe whom the deposit is held for in case of a failure to fulfill-- in case of a failure of an insurer to fulfill its obligations. My understanding that this update will more closely align the Nebraska law to other state laws and prevent unnecessary retaliatory actions on an insurer by another state, such as requiring another statutory deposit. Of course, the member companies of the federation would support such a change. I appreciate the opportunity to appear before you today to testify in support. Thank you.

JACOBSON: Questions from the committee? All right, seeing none, thank you for your testimony.

ROBERT M. BELL: You're welcome.

JACOBSON: Further proponents? Seeing none, those weakening-- wishing to speak in opposition to the bill? Seeing none, those wishing to speak in a neutral capacity? Seeing none, Senator Slama, do you wish to close? Senator Slama waives closing. We'll close the public hearing on LB93 and we'll move on to open the public hearing for LB536, also Senator Slama.

SLAMA: Outstanding. Thank you, Mr. Vice Chairman, members of the committee. My name is Julie Slama, J-u-l-i-e S-l-a-m-a, and I represent District 1 in southeast Nebraska. Today, I'm here to introduce LB536. I was asked to introduce LB536 by the Nebraska Insurance Federation. LB536 updates two provisions of the Insurers Investment Act, an act whose purpose is, as stated in Nebraska Revised Statutes 44-5103, to protect and further the interests of policyholders, claimants, creditors and the general public by establishing standards, requirements and limitations for the investments of insurers doing business in the state. Such standards, requirements and limitations are intended to promote solvency, investment yield and growth, investment diversification, investment value stability and liquidity to meet business needs. LB536 amends provisions related to an insurer's investments in both preferred stock and common stock by eliminating retained earnings, qualifications for both types of investments. As corporate practices have changed, retained earnings are not necessarily a good indication of whether or not an investment in a corporate stock is a sound investment. This

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change will match the current state law in most other jurisdictions and will provide domestic insurers more flexibility. I know members of the insurance industry are behind me to provide more detail on LB536. Thank you for your time and I'd be happy to attempt to answer any questions you may have.

JACOBSON: Questions for Senators Slama?

SLAMA: Thank you.

JACOBSON: Seeing none, thank you. I'll ask for those wishing to speak in support of the bill.

ROBERT M. BELL: Good morning again, Vice Chairman Jacobson and members of the Banking, Commerce and Insurance Committee. My name is Robert M. Bell, last name is spelled B-e-l-l. I'm the executive director and registered lobbyist for the Nebraska Insurance Federation. I am here today to testify in support of LB536 and thank you to Chairwoman Slama for introducing LB536 on behalf of the federation. As you know, the Nebraska Insurance Federation is the state trade association of insurance companies. Many of those companies are, of course, domestic insurance companies who have their primary license in the state of Nebraska and that is who the Insurers Investment Act applies to. The act establishes the rules of how Nebraska insurers invest their assets and it is a tool the Department of Insurance utilizes in determining whether or not such assets are allowed or admitted. The act seeks to balance the protections of the consumer with the ability of insurance companies to have successful investments. Essentially, the act lists the types of investments that are permitted if an asset is to be considered admitted for the purposes of a financial solvency examination by the department. Last session, the Legislature updated the act to modernize provisions and the Nebraska insurance industry certainly appreciates the willingness of the Legislature and the Nebraska Department of Insurance for working with industry to provide that needed modernization. One item that the industry missed is the issue before you today and that one is related to retained earnings. Corporate practices have changed in the past 30 years since the act was first adopted and the qualifications related to retained earnings of a corporation are not particularly illustrative of financial strength of a corporation. Particularly, as of late, many corporations with high equity and market caps have been buying back stocks and flipping their retained earnings to negative. This accounting practice has no actual impact on whether or not an insurance company should invest in that stock. Under current law, an insurance company would

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not-- could not purchase either common stock or preferred stock that has less than \$1 million in retained earnings. LB536 eliminates this retained earnings requirement and will provide insurers more flexibility in their investment in stocks. With that, I will end my testimony, appreciate the opportunity to appear before you today in support of LB536.

JACOBSON: Questions for Mr. Bell? Senator Bostar.

BOSTAR: Thank you, Senator Jacobson, and thank you. Mr. Bell.

ROBERT M. BELL: Of course.

BOSTAR: This seems like a pretty straightforward bill providing just more flexibility to allow these institutions to make investment decisions. Is that my understanding?

ROBERT M. BELL: Yes, within the framework of, of the act that-- as it exists and so there's--

BOSTAR: Sure, but we're, we're making it--

ROBERT M. BELL: Yeah.

BOSTAR: We're reducing restrictions.

ROBERT M. BELL: We are.

BOSTAR: Should we be concerned that companies within your industry can make these decisions? Can you be trusted to determine how to invest your money or should the state help you in, in deciding how that should work?

ROBERT M. BELL: Well, two answers to that two-parted question is that, yes, you should trust insurance companies to make good investments. But two, the Department of Insurance also reviews these investments to make sure that they are-- that insurance companies are able to fulfill their promises of, of, of paying out for policyholders when necessary. So, you know, the Legislature has established the rules of how an insurance company can invest its, quote, committed assets. And then the Department of Insurance reviews those, those filings when they're made with, with the department to review and make sure that those investments are, are solid. And if there's a question that comes up that a domestic insurer has waited itself outside the law or perhaps

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made a bad decision related to an investment, they will, they, they will be in touch.

BOSTAR: Well, I appreciate your answer and I appreciate this legislation because I do trust our insurance companies to be able to make these decisions.

ROBERT M. BELL: Well, I appreciate your trust. Thank you--

BOSTAR: Thank you,

ROBERT M. BELL: --Senator Bostar.

JACOBSON: Yes, Senator von Gillern.

von GILLERN: Thank you, Senator Jacobson. Mr. Bell, just a quick accounting lesson for me. And I'll admit others in my-- I had peers that scored better in accounting than I did so help me out here. How can we have, how can we have a company that's considered fiscally sound investment that has negative retained earnings? What other assets are on the balance sheet that give confidence to an investor?

ROBERT M. BELL: I mean, it could be any, any different type of, of assets that, that are on there. So I think the primary example, I think lately, many tech companies in particular that have high valuation and high market cap have been buying back their own stock. And what that essentially does is that flips their retained earnings. And so retained earnings is usually a indication of, of profit of some sort, right? But you may, as a corporation, decide to buy back stock as an example or, or make other investments within your assets that will lower your retained earnings and to, to a point of negative retained earnings. And really don't feel like that's necessarily all that illustrative of whether or not it is a sound corporation to invest in. And so I think that's why we've seen so many other states not have this requirement in their insurer investment code. And so on a situation-- let's say Alphabet. I believe that might be a corporation that has negative retained earnings right now, but has a high market cap rate. It-- you know, if you had it in your portfolio and they decided to do a huge buyback, you're still fine. It's, it's really this, this law relates to the moment of purchase of, of that stock. So-- but let's say in 2022, before new federal tax laws go into place, they decide to do a huge buyback and flip their retained earnings for 2022. Well, you're going to have a certain amount of time you're not going to be able to invest in, in Alphabet until their

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retained earnings go back to positive if, if, in fact, they ever do, but. So I guess that would be one example.

VON GILLERN: Yeah, so the, the-- and maybe the offset would be a high level of working capital that, that--

ROBERT M. BELL: Right.

VON GILLERN: --gives the company operational cash and secures their operations even though their retained earnings have been depleted.

ROBERT M. BELL: Yes, you said that much better than I did, yes.

VON GILLERN: All right, thank you.

ROBERT M. BELL: Yeah.

VON GILLERN: All right. Thanks.

ROBERT M. BELL: Yep. You're welcome.

JACOBSON: Further questions? If not, thank you for your testimony.

ROBERT M. BELL: You're welcome.

JACOBSON: Other proponents.

BRENNAN NEVILLE: Good morning, Vice Chair Jacobson and members of the Banking, Commerce and Insurance Committee. My name is Brennan Neville, spelled B-r-e-n-n-a-n N-e-v-i-l-l-e. I am assistant general counsel at National Indemnity Company and I'm here to speak in behalf of LB536 on behalf of National Indemnity and its approximately 25 Nebraska-domiciled affiliated insurers and the Berkshire Hathaway organization. National Indemnity and its affiliates invest in the common stock of a number of large publicly traded corporations. The Insurers Investment Act Section 44-5141 permits these investments to be treated as admitted assets on the books of these insurers, provided the corporations have retained earnings in excess of \$1 million. Section 51-- excuse me, 44-5140 contains a similar provision for investments in preferred stock. We believe that the retained earnings requirement is no longer relevant to the question of whether an equity investment is a sound asset for purposes of measuring the solvency and soundness of an insurance company. For example, one of the most valuable and largest companies in America today is Apple. As a result of last year's stock buybacks and dividend payments however, Apple

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presently has negative retained earnings. Other well-known companies in this situation include Ally Financial, HP, T-Mobile US to name just a few. This quirk in the accounting rules doesn't impact the value of the stock of these companies as being a sound investment whose market value can be readily ascertained. However, as the Insurers Investment Act is presently drafted, any new investments that our insurers would make in these companies would not qualify as an admitted asset on our financial statements. Presently, this is not a concern for national indemnity specifically, as it has a very large basket clause in which additional investments in these securities would be counted. However, other smaller insurers in our organization have smaller basket clause capacity and therefore could be required to not admit new investments in financially sound and successful companies merely because these companies don't presently report retained earnings under U.S. GAAP accounting standards. Now, as has been mentioned before, most other states do not have a requirement like this and the National Association of Insurance Commissioners' model act doesn't contain such a requirement. So we believe that removing this language that requires retained earnings for both common stock and preferred stock investments would allow our companies to continue to invest in large, well-run, publicly traded companies without risk of these investments having to be not admitted. Thank you.

JACOBSON: Questions for Mr. Neville? Yes, Senator Ballard.

BALLARD: Thank you, Mr. Vice Chairman. Are insurance companies required to disclosed-- disclose who they're invested in or even if a policyholder requests it?

BRENNAN NEVILLE: Our financial statements are publicly filed with the insurance department.

BALLARD: Perfect, thank you.

JACOBSON: Further questions? If not, thank you for your testimony. Further proponents.

ERIC DUNNING: Good morning, Mr. Vice Chairman and members of the Banking, Commerce and Insurance Committee. My name is Eric Dunning. For the record, that's spelled E-r-i-c D-u-n-n-i-n-g. I'm the Director of Insurance here to testify in support of LB536. I think you've got a good description of the bill and, and the intent behind the bill. The Department of Insurance is here to merely add to the record that we have reviewed this change and we are comfortable with it and we do not

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believe that eliminating these requirements is going to cause financial harm to insureds. And for this reason, we support the changes proposed by LB536.

JACOBSON: Thank you, Mr. Dunning. Questions for Mr. Dunning? If not, thank you for your testimony.

ERIC DUNNING: Thank you, Senator.

JACOBSON: Any, any further proponents wishing to speak as a proponent? If not, anyone wishing to speak as an opponent? Seeing none, anyone wishing to speak in a neutral capacity? See none, Senator Slama do you wish to close?

SLAMA: I'll waive.

JACOBSON: Senator Slama waives closing. And with that, we'll close the public hearing on LB536 and I'll turn the chair back to Senator Slama.

SLAMA: Thank you very much, Vice Chairman Jacobson. We'll now open up the hearing on Vice Chairman Jacobson's LB628. Good morning.

JACOBSON: Good morning. Chairwoman Slama and members of the Banking, Commerce and Insurance Committee, my name is Senator Mike Jacobson, M-i-k-e J-a-c-o-b-s-o-n. I'm appearing before you this morning to present LB628. LB628 was requested by the Secretary of State's Office. The bill does not make any changes for CPAs, but the intent of the legislation is to bring clarity to the definition of professional services for LLCs. Several years ago, 2012, the PC statutes were amended to specifically enumerate the limited number of professionals that form professional corporations. However, the limited liability company statutes were not similarly amended, which has led to some confusion in this area. In this proposed legislation, the bill will modify the definition of professional services in the LLC statutes to be consistent with the definition of the professional corporation statutes and make a few other changes to the statutes related to professional services. The bill added a grandfather clause that LLCs that don't want to make a change are not required to do so. The other changes can be summarized as follows: (1) clean up of the use of ancillary services in the LLC professional entity statutes; (2) recognize outside certifying organizations or compacts recognized by the regulatory body. This is applicable to some health professionals; (3) requiring regulatory bodies to use the electronic access process for varying-- verifying licensure to work with the Office of the

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Secretary of State to create an automated process for this-- for the Secretary of State's Office to electronically access and verify the licensing records. And finally, strike the requirements for the professional to list their residence astra-- address in the filing with the Secretary of State's Office. Many professionals prefer not to use their home address on a public filing record. There is also an amendment that is-- just modifies a few words. That is-- will be distributed as well. But again, this is all technical changes to this legislate-- to this-- these statutes. I do have professionals that are going to speak behind me that are very, very well knowledgeable in this and know all the ins and outs. And so I would defer to any questions, but I would ask you to strongly consider asking them the technical questions.

SLAMA: All right. Sorry. Thank you, Senator Jacobson. Are there any questions for our Vice Chairman? Seeing none, thank you very much.

JACOBSON: Thank you.

SLAMA: We'll now open up proponent testimony for LB628. Good morning.

COLLEEN BYELICK: Good morning. For the record, my name is Colleen Byelick. It's C-o-l-l-e-e-n B-y-e-l-i-c-k. I'm the chief deputy and general counsel for the Secretary of State's Office here on behalf of Secretary of State Bob Evnen in support of this bill. I'd like to thank Senator Jacobson for introducing this legislation on behalf of the Secretary of State's Office. As you probably know, the Secretary of State's Office files a variety of business documents, including documents related to professional corporations and limited liability companies. This bill focuses on those persons forming LLCs to render professional services. These businesses are often referred to informally as professional LLCs. This bill originated from an internal review of some of our practices related to professional LLCs. We realized that there were some areas of the law that needed clarification and updating. The first area we identified was the definition of professional services. When an LLC renders professional services, there are additional requirements that they have to follow. They have to get a certificate from their regulating board to determine that the individuals rendering the services are appropriately licensed or authorized to render the service. The certificate is then filed with the Secretary of State's Office at the time that they form their business and annually thereafter. An alternative process exists if the records of the board are available electronically. The list of individuals rendering the professional

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services are submitted to the Secretary of State and then the Secretary of State's Office verifies that the individuals are appropriately licensed. This is primarily used for medical professionals. This bill changes the list of individuals subject to the certificate process. The list of professionals is already included in the definition. However, the definition has this very broad catchall phrase that includes anyone who must obtain a license or other authorization prior to rendering personal service. Our concern is that if you take this language to its full extent, it includes things not traditionally considered professional corporations such as a nail tech or a cosmetologist, a barber, a tattoo artist and others. And we don't believe that these types of occupations were intended to be professional corporations. Additionally, as previously mentioned, similar language was previously included in the professional corporations statutes and that language was removed in 2012. We believe that having consistency between these two acts is important and brings clarity to those forming businesses and clarity to our office. This also-- bill clarifies that when we're checking licensing records-- again, this is primarily for health professionals-- that we can look at other compacts or organizations that are recognized by the regulatory body. So in some cases, the Department of Health and Human Services recognizes a compact as being the sort of licensing source for that profession. And so we need to be able to check those records when we're verifying licensure. Additionally, this allows us to work with regulatory bodies that want to use this electronic process to help automate the process. This is an area that is a manual process for our staff and it's very time consuming and we would like to automate these processes further. Finally, there's some cleanup language related to ancillary services. This is just harmonizing some existing statutory legislation. Thank you for your time. I'm happy to answer any questions you may have.

SLAMA: Thank you very much, Ms. Byelick. Are there any questions from the committee? Yes, Senator Bostar.

BOSTAR: Thank you, Chair Slama. Thank you, ma'am.

COLLEEN BYELICK: Yes.

BOSTAR: On page 11 of the bill on actually line 11, where you strike "residence"--

COLLEEN BYELICK: Yes.

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BOSTAR: --as it relates to addresses.

COLLEEN BYELICK: Yes.

BOSTAR: So instead of it being residence address, it would read, you know--

COLLEEN BYELICK: Provider.

BOSTAR: --which certificate shall set forth the name and addresses of all shareholders on the last day of the month. What address are they expected to then provide?

COLLEEN BYELICK: I would expect that they would provide their business address.

BOSTAR: OK and so that would be acceptable?

COLLEEN BYELICK: That would be sufficient for our purposes and I think for the regulatory board as well, if they're issuing the certificate or for our purposes, if we're looking the individual up, generally we're looking at their name and license number.

BOSTAR: Got it. Yeah. Thank you.

COLLEEN BYELICK: Yep.

SLAMA: Thank you, Senator Bostar. Any additional questions from the committee? Seeing none, thank you very much.

COLLEEN BYELICK: Thank you.

JOE HUIGENS: Good morning.

SLAMA: Good morning.

JOE HUIGENS: Chairwoman Slama, committee members, my name is Joe Huigens, J-o-e H-u-i-g-e-n-s. I'm an attorney at Koley Jessen in Omaha, Nebraska. I'm here on behalf of the Nebraska State Bar Association in support of LB628 and more specifically, I'm here to offer some comments on the amendments proposed to the legislation. The substance of our modest amendments to the bill is found primarily in Section 1 with respect to Revised Statute Section 21-102(2)(b) where we would propose to add strictly as clarifying language the phrase of those such that (2)(b) would read verification that all of those members, managers, professional employees and agents who are required

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by law to do so are duly licensed or otherwise legally authorized to render the professional service for which the limited liability company is organized to do business and so on and so on. That same of those clarifying language appears elsewhere in the bill where appropriate in context. It's basically where the same concept is embedded in the Nebraska statutes. Although that addition is perhaps not strictly necessary and does not materially alter the bill, we propose it nevertheless. Our purpose is simply to provide clarifying language that the requirement for licensure verification applies only with respect to those members, managers, etcetera of a company who are required by law to be licensed to render the professional service for which that company is formed. The addition does not change existing law, nor does it change the intended effect of the bill. Rather, it assists lawyers like me who have frequent occasion to interpret the statute and explain the import to clients-- explain its import to clients considering whether to form a limited liability company for a professional service. Given the bill's effect of conforming the definition of professional service for purposes of the LLC statutes to the definition of professional service applied with respect to professional corporations, and in light of the nuances between the rules applied to professional corporations and those applied to limited liability companies, I think such clarifying language is pragmatic and I appreciate you considering the change. In Section 3 of the bill regarding Revised Statute Section 21-186(2), the third paragraph at line 22, applicant should be replaced with limited liability company, as the requirement for the Secretary of State to verify licensure extends beyond the initial LLC application to the annual updates that are contemplated above in lines 13 and 14. In Section 5 of the bill regarding Revised Statute Section 21-2202(3), in light of the purpose of the bill to make identical the definition of professional service under the corporations statutes and the limited liability company statutes, we would propose minor revisions such that the language in subsection (3) mirrors verbatim that to be adopted in Section 21-102(18). If ever, this committee should decide to undertake a more in-depth analysis and review of our Nebraska statutes as they apply to professional corporations and limited liability companies that render a professional service, please do not hesitate to solicit my involvement.

SLAMA: Thank you very much, Mr. Huigens. We appreciate the clarifying language in the amendment.

JOE HUIGENS: Thank you.

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SLAMA: Any questions from the committee? Wonderful. Thank you very much for being here today. Additional proponent testimony for LB628? Anyone here to testify in opposition to LB628? Seeing none, any neutral testimony? Seeing none, there are no letters for the record on LB628. Senator Jacobson waives closing. That brings to an end the hearing on LB628 and our hearings for the day. If everyone could stick around just momentarily, I think--

[BREAK]

SLAMA: All right. Good afternoon and welcome to the Banking, Commerce and Insurance Committee. My name is Senator Julie Slama. I represent the 1st Legislative District in southeast Nebraska. I serve as Chair of this committee. The committee will take up bills in the order posted. Our hearing today is your public part of the legislative process. This is your opportunity to express your position on the proposed legislation before us today. Committee members will come and go during the hearing. We have to introduce bills in other committees and are called away for that reason. It is not an indication that we are not interested in the bill being heard in this committee. It's just part of the process. To better facilitate today's proceedings, I ask that you abide by the following procedures. The information is posted on the chart to your left. Please silence or turn off your cell phones, move to the front row when you're ready to testify. I'd ask that proponents for the first bill start making their way towards the front and then rotate in towards the front as those members rotate out. The order of testimony will be as follows: introducer, proponents, opponents, neutral, and then closing should the introducer desire. Testifiers, please sign in, hand your pink sign-in sheet to the committee clerk when you come up to testify. Spell your name for the record before you testify. Be concise. It is my request that you limit your testimony to three minutes. If you will not be testifying at the microphone but want to go on record as having a position on a bill being heard today, there are white tablets at each entrance where you may leave your name and other pertinent information. The sign-in sheets will become exhibits in the permanent record at the end of today's hearing. Written materials may be distributed to committee members as exhibits only while testimony is being offered. Hand them to the page for distribution to the committee and staff when you come up to testify, only ten copies. If you have written testimony but do not have ten copies, please raise your hand now so the page can help make copies for you. To my immediate right is committee counsel, counsel Joshua Christolear. To my left, at the end of the table is

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committee clerk Natalie Schunk. The committee members with us today will introduce themselves, beginning at my far left.

VON GILLERN: Senator Brad von Gillern, District 4.

AGUILAR: Ray Aguilar, District 35.

KAUTH: Kathleen Kauth, District 31.

BALLARD: Beau Ballard, District 21.

DUNGAN: George Dungan, District 26.

SLAMA: All right, fantastic. Also assisting the committee today are the committee pages, Caitlyn Croft and Isabel Kolb. The committee will kick off their hearings today with LB617. Senator McDonnell, you're welcome to open.

McDONNELL: Thank you, Chairperson Slama, members of the committee. My name is Mike McDonnell, M-i-k-e M-c-D-o-n-n-e-l-l. I represent Legislative District 5, south Omaha. LB617 which is Nebraska workforce development component relating to the federal CHIPS for America Act. The Creating Helpful Incentives to Produce Semiconductors and Science Act of 2022, CHIPS Act, was passed in July of 2022 and signed into law in August of '22. This landmark bipartisan legislation creates an immense opportunity for Nebraska a chance to make the "Silicon Prairie" a real thing. LB617 and its companion bill, LB616, enable Nebraska Department of Economic Development to match any federal funds awarded through the bipartisan CHIPS Act of 2022 to a semiconductor manufacturing company located within the state. These bills align our current economic development policy to better demonstrate to the United States Department of Commerce and semiconductor manufacturers that Nebraska is an engaged and willing partner in securing a domestic supply chain of semiconductors and microprocessor components. I've handed out two articles that help demonstrate the opportunity Nebraska has in helping the United States secure our manufacturing future. LB617 establishes the Economic Development Cash Fund within the Nebraska Department of Economic Development and provides a transfer of \$20 million from the Cash Reserve Fund to allow Metropolitan Community College to take that leadership role in providing education expansion and curricula development to meet the local requirement for microchip fabrication and microelectronics manufacturing needed for a Nebraska-based entity applying to the Department of Commerce to qualify as a covered entity under the U.S. CHIPS for America Act. This

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legislation ensures that the semiconductor manufacturers located in Nebraska can include the required commitment from the Regional Educational Institute to provide workforce training, including the programming for training and job placement of economically disadvantaged individuals as part of their application. Since I started working on this legislation over the summer, we have heard from a large number of companies interested in locating their domestic production in Nebraska should this legislation be passed. We provided information from nine of these companies who were the most interested and the furthest along in their plans to UNO's College of Business to do an economic impact study. I have handed the executive summary of that study out to this committee. The results of the study are jaw dropping. The economic analysis predicts that the plans of these nine companies will increase Nebraska's GDP by \$2.7 billion, create 17,400 jobs, and add \$172 million in annual tax revenues. In addition to this, the report estimated 26,000 jobs and \$2 billion increase in Nebraska's GDP from the construction alone. We also know a number of companies that are critical to the semiconductor supply chain that are planning on following these companies to wherever they end up locating. As we all know that this committee is well aware, we need to grow this state in order to lower the overall tax burden felt by Nebraskan families. The CHIPS for America Act is a once-in-a-generation opportunity for us to do just that. The semiconductor industry is a core component of America's economy, economic future, and the national security. You will hear testimony about how this bill was drafted at the federal level with the heartland, with heartland in mind. This is because we are best prepared to do this work, meet the eligibility guidelines, and build this economy. Both these bills were drafted to put Nebraska at the head of the pack of the states currently competing for this industry. We are doing this by fully aligning our vast economic development tools to best support a company's application with the Department of Commerce. In order to be eligible under CHIPS for America Act, companies are required to demonstrate financial support from state and local governments in addition to their private sector financing. Our legislation is deliberately structured so that the semiconductor companies can maximize their chances of federal approval by having Nebraska as their partner. However-- or moreover, it is required this applicant-- applicants guarantee workers in, in neglected communities obtain equal employment and training opportunities for semiconductor jobs. This includes rural workers. Consequently, states with fewer semiconductor companies like Nebraska are offered a notable advantage under the outlined eligibility criteria when submitting an application

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to the Department of Commerce. In this proposed legislation-- if this proposed legislation passes, Nebraska will experience its most profitable and advantageous economic opportunities since corn. Also, Nebraska investment would be the last dollar in so both federal approval and the private financing requirement would have to be secured before any financial investment by the state. Here to testify and support is Mr. Thomas Goldberg, who was one of the principal drafters of the U.S. CHIPS for America Act. Mr. Goldberg served as a member of the National Security Council staff under Presidents Ronald Reagan and George H.W. Bush. He's one-- he's our subject matter expert and, and-- on this legislation and is helping us to make sure that we have all the information we need to best align our investments to position Nebraska as a leading partner in building the domestic semiconductor industry. Also here to testify is Randy Schmailzl, who is the president of Metro Community College. Randy will talk about the workforce training needs of the semiconductor industry and potential programming they would put-- that would be put together. It should be noted that while there is a requirement for eligible companies to make significant investments into research-based educational components as well as 90 percent of the jobs that would be created under this bill are anticipated to only require a two-year technical degree. I'm here to answer any of your questions, and I will definitely be here to close. I have another bill in another committee that I'll be possibly walking out for and I'll come back. But I know you've, you've heard quite a bit from me in the last couple days. This is my last bill that, that I'll be testifying in front of this committee this year. I can't tell you how important I think this is, the idea of the biggest economic impact to the state of Nebraska since corn. I'm serious about it. We, we put it together as, as our team to get people's attention. But the attention is, is, is due. You know the idea of where we are as a state and some of the things we've done right or wrong in the past, the mistakes we've had, we don't want to repeat them. And the idea that we want to be able to compete against 49 other states. And if we're going to take that serious, if we're going to be serious about that, then these are the kind of, kind of legislation we have to move forward. It's been said by a number of people that, you know, success is, is, is not, not owned, it's leased and rent's due every day. And the idea that if we're going to do this and, and, and approach this as a legislative body, we have to outwork the other states. And this is the kind of things we can do because we know one thing we have, and I've said it to you before, we don't have the mountains and we don't have the beaches, we have the people. We have the people that are the best people in this country and the work ethic we have. The only thing

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we have to do is get these companies here and show them that this is the best place for them because the people that are going to be able to change the state of Nebraska, it's going to change their companies for the better because we have that kind of work-- workforce with that kind of work ethic. I'll be here to close and answer any questions.

SLAMA: Thank you very much, Senator McDonnell. Are there any questions from the committee? Seeing none, we'll open it up to proponent testimony for LB617. Good afternoon.

THOMAS R. GOLDBERG: Good afternoon to you as well. Thank you, Chairwoman Slama and members of the Banking Committee. My name is Thomas R. Goldberg. That's spelled T-h-o-m-a-s R. G-o-l-d-b-e-r-g. I am vice president for strategy at Nantero and in a prior incarnation was one of the principal subject matter experts that drafted the authorization legislation known as the CHIPS for America Act. Nantero supports both LB617 and LB616. With regard to LB617, Nantero supports the workforce development component relating to the federal CHIPS for America Act, its establishment of the Economic Development Funds in support of collaboration between Metropolitan Community College and the University of Nebraska Omaha to support education expansion, curricula development, and staff hires. And these meet the demanding prescriptive, under-- underscore that, prescriptive requirements of the CHIPS for America Act. The act, specifically Section 9902(B) (ii) (II) (aa) states: That covered entities seeking funds have made commitments to provide in, quotes, training and educational benefits paid by the covered entity and through programs to expand employment opportunities for economically disadvantaged individuals, secured commitments from regional educational and training entities and institutions of higher education to provide workforce training, including training and job placement for economically disadvantaged individuals. This legislation ensures that semiconductor manufacturers locating in Nebraska won't have the means of achieving these two elements of the, of the prescriptive eligibility criteria without which they may not even bid. Let me emphasize that in order for a covered entity such as Nantero to become eligible to submit a bid under the CHIPS for America Act, it must partner in full meaning of the term partner with regional educational and training entities and institutions of higher education. The U.S. Department of Commerce's emerging evaluation scoring system is weighted so that 51 percent of that evaluation is aimed at the eligibility criteria. And when we wrote the law to be prescriptive, we denied the Department of Commerce, or any administration, any authority that is discretionary in the implementation of the act. This makes the-- this enables that

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LB617 makes a significant and necessary contribution towards enabling a covered-- covered entities in Nebraska to meet these requirements. Nantero meets other eligibility criteria through its choice of location under sections 99-- under Section 9902(B)(ii)(II) having made commitments to worker and community investments that benefit economically disadvantaged individuals by choosing a site in a metropolitan statistical area of the state that has a mean income for a family of four that falls below the national average. LB616 will provide another benefit required by the Biden administration's implementation of the CHIPS for America Act, namely partnerships between covered entities and state and local governments. These are essential elements without which, again, they cannot bid. The U.S. Department of Commerce is seeking such partnership constructs. Other states, particularly Kansas, have already entered into partnerships with covered entities by issuing tax credits and other incentives to covered entities there that can now immediately monetize the value of such incentives at one location that will host seven factories. And the value of that in its entirety is just over \$1 billion.

SLAMA: Mr. Goldberg, we're working-- I hate to do this, but we've got a three-minute light system if you could give us your last thoughts.

THOMAS R. GOLDBERG: The last thought is I will answer any of your questions and I am-- as one of the principal authors of the law if you have detailed questions, I can be available to you at any time whether here or at any other time.

SLAMA: Thank you very much, Mr. Goldberg. We appreciate it. Are there any questions right now from the committee? Seeing none, thank you very much for being here today.

THOMAS R. GOLDBERG: You're very welcome. Thanks.

SLAMA: Good afternoon.

RANDY SCHMAILZL: Thank you. Greetings, Senators and Banking Committee. I'm Randy Schmailzl, R-a-n-d-y S-c-h-m-a-i-l-z-l, president of Metropolitan Community College. We serve Douglas, Sarpy, Washington, and Dodge Counties. The start with, why Metro? Well, Metro fulfills all the boxes. It checks all the boxes in this national legislation due to our location, due to the students we serve, due to our populations. And we also are the chief trainer and workforce developer in the Omaha area. We can't do that, though, without our partners, the state of Nebraska, University of Nebraska Omaha, the high schools. And

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over time, Metro has regionalized and we are an attraction for others to come to Omaha now so that we have more employees instead of recycling many of our existing employees. So it's important that Metro's involvement in this will be noted as one of not only training but relocation of employees into the existing Omaha area. What I passed out to you is an example of, you know, what does this mean? How can community colleges support this semiconductor ecosystem? And, you know, it's pretty simple. My job in education can be pretty simple. We start people at point A and we get them to point B, wherever that needs to be. And in this case, point B is an associate degree to work in a microcomputer semiconductor factory in the Omaha area. So the way we do this is we use a boot camp system where it can be online or it can be discovery while you're in high school. You know, there's significant investment from the Legislature through Senator Wayne in north Omaha and south Omaha, the career opportunities there. So we want people to understand how can you get involved with this? And so for Metro, that leads to an employment earn and learn situation, which is a sponsorship where people can work. They can have a job and they can go to school and ultimately they'll end up with an associate degree to work at this factory. But along the way they have a way to support themselves and that's really important and works well in Omaha. And for those of you that know all about us from our local business partners in Omaha, you can recognize that. So we're excited. I gave you samples of related job titles. People want to know what are they-- what do you call these people? And I can't tell you I know what each one of them do. But the other one is the illustration, of course, sequences, you know, and not everyone is ready for college. We need to get them ready. You might have to take developmental skills for math. Metro's involved in that all the time. We have dual enrollment programs with high schools. So our pipeline going into this, I without hesitation believe we can get 17,000 jobs ready. And it can only happen, though, with the legislative support, the state support, and our community support. So with that, I'm going to stop before that red light goes off.

SLAMA: I appreciate that. Thank you, President Schmailzl. Are there any questions from the committee? Seeing none, thank you very much.

RANDY SCHMAILZL: Thank you.

SLAMA: Good afternoon.

BRYAN SLONE: Good afternoon, Chairwoman Slama and members of the Banking, Commerce and Insurance Committee. I'm Bryan Slone, B-r-y-a-n

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S-l-o-n-e. I'm president of Nebraska Chamber of Commerce and Industry. I'm here today representing the State Chamber, the Greater Omaha Chamber, and the Lincoln Chamber of Commerce in support of this legislation. If it's OK with you, I'll just summarize quick and stay within three minutes. I'm old enough that I started my career in the 1980s and as a young lawyer spent most of my time, oddly enough, in the semiconductor industry in, in the Silicon Valley. In those days, the heart of chip production and, more importantly, chip design was in the Silicon Valley in Japan. Nebraska-- the United States led in innovation at that time, it was a competitive edge that the country had that was-- it was important. It was important in terms of supply chains. It was important in terms of national security. But more importantly, was innovation technology from the '80s and '90s drove our economy for another 30 years. Over the, the-- since that time, we've lost about two-thirds of that innovation advantage. And certainly in the, the microchip area, we've seen the exporting of microchip production. And just as importantly and maybe more importantly, the exporting of microchip R&D and design work overseas. With that being said, the Congress took a, a very significant strategic act following COVID and, and the effects that we saw during COVID on our supply chain and our strategic and our critical supply chain. And manufacturers, for instance, in Nebraska waited for months and months and months for equipment that couldn't be had because of supply chain issues and microchips. In my own case, that F-150 I bought took nine months and sat in Michigan for lack of chips. I realized that was just a personal hardship, but it was what it was. But that was, that was indicative of the, of the effect of, of the microchip supply chain on our country, much less the national security issues. So I commend Congress for that act. At the present time, this CHIPS bill has, has fostered a rapid expansion in potential microchip production and engineering in, in the United States. Many states are competing for that now. Nebraska's actually, has been previously said so I won't go through that, is in a very good position to attract microchip production. But the issue, and it's true in any state, is can, can you put the training together and develop a workforce in, in these particular areas? I think the state has a very good plan. I commend Metro Community College for their work on this and I'm very happy to support the effort to fund this specialized training. This would be a, this would be a game changer for the state. So I would be happy to take any questions and give you some time back.

SLAMA: Thank you very much, Mr. Slone. Are there any questions from the committee? Yes, Senator von Gillern.

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von GILLERN: Mr. Slone, thank you for being here today. You mentioned the kind of the not necessarily the elephant in the room, but where are the people going to come from? You said that there's a plan in place, obviously, in a state with record low unemployment. Where are we going to, where are we going to pull these people from into this program?

BRYAN SLONE: Yeah, so I think there, there are-- generally speaking when-- and I get the opportunity to speak about workforce almost every day and there's, there's three big buckets. The Governor talks a lot about retaining people in, in Nebraska, and that's really important. I talk a lot about creating legal immigration solutions around this, which have to be part of it. The other part is finding people who are not currently getting the particular training or opportunities within the state that they need certainly in certain parts of our state that would be prone to, to these developments. And for example, north Omaha and south Omaha. We have a lot of students who are underserved in terms of economic opportunity. And so there are literally thousands of people who are properly trained, who could, who could expand their work opportunities, their economic opportunities. And so, again, I think Metro is the right institution to be having this discussion.

von GILLERN: Thank you.

SLAMA: Thank you, Senator von Gillern. Any additional questions from the committee? Seeing none, thank you very much, Mr. Slone.

BRYAN SLONE: Thank you.

SLAMA: Additional proponent testimony for LB617? Seeing none, is there anybody wishing to testify opposed to LB617? Seeing none, is there any neutral testimony for LB617? All right. Seeing none, Senator McDonnell, you're welcome to close. And just for the record, we have some number of letters for the record-- just a moment-- four proponent letters for the record for LB617. No, wait, sorry, there are no letters for the record for LB617. I apologize.

McDONNELL: Thank you.

SLAMA: You're welcome to close.

McDONNELL: You know, you look at that UNO study and you start looking at these numbers and you look at \$2.7 billion GDP, you look at 17,000 jobs and \$172 million in tax revenue and, I mean, they're staggering. They're staggering because, they're staggering because they are game

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changing. That's why you, you-- the question is asked of where would these people come from? Yeah, we have talent here. We have people here in our state. But again, we want to retain and we want to recruit. We want that Viking mentality. We want to go into other states and we want to take them. We want to take their jobs, we want to take their people, and we want to move our population from 1.9 million up as high as we possibly can. So that, that's the attitude. I mean, that's the-- now if I have the support of, of this committee and I, and I know there's a lot of information we hit you with, I'm looking at making this my priority bill. I believe it's that important. If you, if you think about our future and opportunities that come around, not, not very often that can change our state in such a dramatic way and for the next generation and possibly the generation after that, this is one of those opportunities. So I'm here to try to answer your questions. The subject matter experts are here. You know, Randy Schmailzl, I just want to say the work he's done and the, and the lives he's helped change based on the, the Metro Community College. Before I was elected, I didn't pay much attention. And then I get elected in '17, you start looking at how can we make a difference in people's lives? What can we do? What, what are people around us doing to make a difference? And Randy Schmailzl is one of those people and the work he does at Metro Community College. And the idea of getting people ready for this if we go this-- down this path, I'm confident Randy and others will get our workforce ready and we will take full advantage of it and we will be very successful. Thank you.

SLAMA: Fantastic. Thank you, Senator McDonnell. Are there any questions from the committee? Seeing none, thank you very much. This brings to a close our hearing for LB617. Next up is LB711. Senator Armendariz.

ARMENDARIZ: Good afternoon, Chairwoman--

SLAMA: Good afternoon.

ARMENDARIZ: --Slama and the rest of the Banking, Commerce and Insurance Committee. My name is Christy Armendariz, C-h-r-i-s-t-y A-r-m-e-n-d-a-r-i-z. I am the senator for District 18 in northwest Omaha, parts of northwest Omaha and Bennington. So today I'm introducing LB711. LB711 changes provisions to the Nebraska Uniform Trust Code to allow for silent trusts to be created in Nebraska. Silent trusts, also referred to as confidential trusts, allow the settlor to protect the beneficiaries from knowing the full extent of their wealth. By doing this, this will allow the beneficiaries to

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continue on their own path in life and hopefully avoid some of the common pitfalls when they are left with that information of knowing the gravity of the, the wealth that's going to be left to them. LB711 still requires the beneficiaries to be informed of the trust by the trustee, nothing changes there, but it allows the settlor to decide on the terms of that disclosure, such as the age of the beneficiaries, the lifetime of the settlor or the spouse or, or both, a term of years, a specific date, or a specific event that is certain to occur, such as the death of the settlor. A silent trust can achieve goals such as avoiding a decline in the beneficiary's self-motivation, protecting privacy, protecting beneficiaries with-- from substance abuse or other psychological struggles who may be easily influenced by outside forces and minimize the risk of frivolous lawsuits against a beneficiary. So if somebody would know that they are a beneficiary of great wealth, they may be subject to lawsuits. Currently, two of our neighboring states, Wyoming and South Dakota, have laws specifically allowing silent trusts. Nebraska-based trust companies are at a competitive disadvantage due to the lack of, of ability to create silent trusts, potentially driving individuals to our border state-- border states to create trusts there. At the end of the day, the intent of LB711 is to provide an avenue to shield beneficiaries from potentially life-altering information until the settlor believes that they will be able to deal with that information. Be happy to answer any questions. If not, I do have some industry experts that could answer them.

SLAMA: Thank you, Senator Armendariz. Are there any questions from the committee? Seeing none, thank you very much. We'll open it up for proponent testimony on LB711. Welcome back, Senator Lindstrom.

BRETT LINDSTROM: Thank you, Chairwoman Slama and members of the Banking, Commerce and Insurance Committee. It's good to be here. I was down at the Ag Committee for a confirmation hearing so I was glad that it timed out perfectly. I want to thank-- oh, I'm sorry. I'm Brett Lindstrom, B-r-e-t-t L-i-n-d-s-t-r-o-m from Omaha, formerly representing District 18. How about that? I want to thank Senator Armendariz for introducing LB711. After sitting on this committee for eight years and sitting on Revenue Committee, I know a few of you do the same, often you talk about being competitive, right, whether it's through our tax code, through our trust laws. And so before was termed out, one of the things into the fall, I went and met with 20 different estate planning attorneys, probably six or seven different firms, just to get an idea of what are some things in Nebraska that can make us competitive as it relates to other states that have provisions such as

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the silent trust, quiet trust. There are a handful, New Hampshire, Tennessee, South Dakota, Wyoming, Alaska, and Nevada that do have these provisions. And they, they put a list together of about five different things. This, to me, was one of the things that seemed what I'll call the least controversial, because really what, what Senator Armendariz talked about was how do we protect kids in, in a lot of different situations? I know there will be some opponents today, and, and I did have discussions with some of those folks. And I think there may be a way to, to get to the same intent and not hurt what they're trying to do. But really what this comes down to is if an individual that is growing up has parents who have done well, and sometimes parents don't want their kids necessarily have an idea of, of what they may inherit at some point. I know I was a lot different at 19 than I am today, and if I knew I was getting \$3 or \$5 million or whatever the number is, I'm not quite sure what type of path I would be on. And so I think one of the sides is should we allow the, the-- the questions would be do we allow the parents to provide the financial literacy to help those individuals understand the money that they have to use it for philanthropic purposes, the gravity of that, or can you but give them enough time for that individual to have a better understanding of life, of understanding of money and how that money can work for a lot of different ways? And so what this does is just simply allow an, an, an option. This does not force anything or force anybody's hand, but when a, when a, say, a couple in this case were to create their trust, they can put in there that they're not going to allow the beneficiaries at the time up to a certain time or age or whatever it might be to understand their full financial balance sheet and the full understanding of what they have. And so there's a, there's a gap in there where they may-- this may be able to help. With the opponents, I think one thing that they're afraid of is that, you know, if you-- if, if the beneficiaries are not aware of the financial situation, can that trustee manipulate or do some things the wrong way? One, there's a fiduciary responsibility. And, two, there's a, there's a legal aspect to this that if somebody were to do that and that would be the very, very small case that that could happen and very low probability then there would be some legal action. But I think what we're-- what the intent of it is, is just to make sure that we give flexibility to those individuals to protect their kids that may not have a great understanding of what that wealth might be and it could take them in a path to, to use it in different ways or not fulfill their expectation, so. Again, appreciate Senator Armendariz for introducing this bill and, and for all the people that came to me and talked to me about, you know, all these things that we need to do

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in the state. And there's definitely more to do, you know, when it comes to South Dakota and trust laws there and, and this is only a suggestion, but maybe looking at-- to a legislative resolution to see, hey, is, is there an opportunity in the state of Nebraska to do those things. So anyway, I appreciate, appreciate being back here. And good to see all the faces, some familiar, some new.

SLAMA: Fantastic. Thank you, Senator Lindstrom. Are there any questions from the committee? Yes, Senator Dungan.

DUNGAN: Thank you, Chair Slama. Thank you, Senator Lindstrom. It's good to see you here again. I appreciate the comments that you've made. And I, I understand the concern, I think, of trying to protect children from these outside forces and what we've talked about. It seems to me that one of the biggest concerns, and you outlined this a little bit in your testimony, is that by getting rid of this language, the beneficiaries are going to have a difficult time monitoring or protecting their interests. And that's kind of what you, you alluded to. First of all, what kind of language could be added in to maybe placate some of those concerns or, or come to some consensus about those protections and making sure those beneficiaries do have their interests protected? What have you been talking about with folks?

BRETT LINDSTROM: Well, the beneficiaries, in a sense, do have their, their estate and the plan protected, they just may not be aware, but they're still named the beneficiary, they're still going to get those dollars. They just might not know the full extent under the provisions right now. But as the grantor of, of the trust, and that's usually, let's say, the parents that have the, the wealth, they would have in this bill, they would have the option to not allow the, the kids or the beneficiaries to know over the age of, of 19. I think the intent is just to make sure that if an individual is 20, and they can write this in the trust, you know, whenever the, the grantor dies and they have to settle the estate, there might be in the trust that at 25 they get a portion of it, at 30 they get a portion, 35 they get a-- or 40 they get a portion. You can structure that, structure that any way you want. What I think what, what you could do is because the grantor has the ability to hire the, the-- and sometimes it is the trustee, they are the same person, but if they outsource it, they would still have, because they set it up, they would have an understanding of who's looking on their-- looking out for their estate on their behalf. So in this case, there may be an amendment where if the grantor and the settlor pass away, then that opens up the lever for the beneficiaries to now have a full understanding of the, the plan itself versus if you

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kept it for the length of time in the case of Nebraska, 99 years with the trustee, that trustee would-- could still oversee and tell them that they have to do things within the trust to release those dollars. So I think a, a good in-between would be maybe on the passing of the, the grantor in the, in the, in the trust, then that releases some of the-- if not-- well, releases all the information to the beneficiaries. And then there's no gap in between who's overseeing, who's looking out for the, for the dollars. And that might be, you know, a good, good way to, to bridge that gap there.

DUNGAN: Well, that makes sense. And under the current language of the proposed law, is there a-- you mentioned there is still legal recourse down the road if they find out there's been any malfeasance or anything done wrong, is it--

BRETT LINDSTROM: Fiduciary.

DUNGAN: Fiduciary. Is it, is it possible-- it seems to me that any legal recourse they would have under the current proposal would be so far down the road that it would be problematic. Do you share that concern? Is that a concern that you think is valid?

BRETT LINDSTROM: Well, I don't, I don't know if that's a necessarily a high probability that that would happen. I think-- let's just say hypothetically and say I'm in the situation, my wife and I have three young kids we come into-- we, we are successful with our dollars, I'm now 60 years old, my kids are in their early 20s, but maybe not all of them are responsible adults. That might not mean that they're never going to be, but at this stage I don't want them knowing. Now maybe my kids are great and I didn't write that in my trust, this only gives the option of me saying, well, I got one of three that I don't want to know.

DUNGAN: And you really hope the other two don't tell them.

BRETT LINDSTROM: Sure.

DUNGAN: Right.

BRETT LINDSTROM: Well-- and so, and-- but, but they may be a third, a third, and third in my estate. Again, I think with the amendment that I think could come, that would be the, the happy medium. I just think with this bill at some point I would rewrite my trust to reflect my kids. Now if this bill just goes as is, the reason why I would structure my trust to say, you know, I want my kid to get X amount at

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30, I want X amount at 35, I would just hope that by the time, say, 15 years passes or give or take, they would have a better understanding of how money works and what it means and would have, have a better understanding of where their life's going to go versus maybe just hanging out knowing that a lump sum of money is coming their way. And so I understand the concerns that less than 1 percent is going to do. I mean, I think it's even more than that. But I think the harm that it can cause, especially in kids, if they don't have a purpose in life and that's really what this is, is to make sure that we don't screw kids up. And, and that's a concern that was brought to me by 20-plus attorneys. I know the opponents are state bars, that's a lot of attorneys. So, you know, to get 100 percent of attorneys that agree on things is very difficult like anything. But I will say that that was one of the five things that stood out to me in every conversation I had was what do you think we could do in the state of Nebraska that would help to curtail some of those issues that come about when you're working with these families? Because long term, what you want those, those individuals to be is good stewards and good, good folks that, that are involved in philanthropy and community and using those dollars to better their community at some point. And that, to me, is how you can one way, most ways, but this to me was the least controversial that-- and understand what we're trying to do with [INAUDIBLE].

DUNGAN: Thank you.

SLAMA: Thank you, Senator Dungan. Any additional questions? I've got one. So on the practical side of this, say you're creating a trust for your kids now, I know you've got young kids, would they be required to be informed of the trust and the contents therein?

BRETT LINDSTROM: Not at their age, no, not, not right now.

SLAMA: But once they reach the age of majority?

BRETT LINDSTROM: Then, then under the statute now, as long as they're named beneficiary, then that opens the valve and they would be given the information on my estate and trust.

SLAMA: OK. Thank you. Any additional questions? Seeing none, thank you very much, Senator Lindstrom.

BRETT LINDSTROM: Yep, thank you. Good to be back. Thank you.

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SLAMA: Any additional proponent testimony for LB711? Welcome back, Senator Quandahl.

MARK QUANDAHL: Yeah, thank you. Chair Slama, members of the Banking, Commerce and Insurance Committee, Mark Quandahl. It's Q-u-a-n-d-a-h-l. I'm with Dvorak Law Group offices in Hastings, North Platte, Columbus, Sutton, and Omaha. I'm here on my own personal behalf in support of LB711. And so yesterday I was here before you on digital assets and today on trust. And kind of a theme between the two is competitiveness, competitiveness. And that's why I'm here. LB711 would be a first step in updating Nebraska's trust law to put us on equal footing with some other states, but in particular Wyoming and South Dakota. And for that reason, I'm supportive. And I don't doubt that you're going to hear some testimony that this is not in the Uniform Trust Code, right, and from my perspective, I think uniform laws are helpful when they are-- when they endure to the benefit of all Nebraska and Nebraskans. But they perhaps are not so helpful when it puts Nebraska at a competitive disadvantage with our neighboring states. And for that reason, I'm supportive. Would also note that it's permissive, it's not mandatory provision and so it's, it's nothing that when you're creating a trust would have to be put in there, so.

SLAMA: All right. Thank you very much, Senator Quandahl. Any questions from the committee? Seeing none, thank you very much. Additional proponent testimony for LB711? Seeing none, is there anybody wishing to testify opposed to LB711? Good afternoon.

SUSAN SPAHN: Good afternoon. My name is Susan Spahn. I'm a private practice attorney in Omaha, Nebraska, with the Fitzgerald, Schorr, Barmettler, and Brennan Law Firm. I've been practicing in Omaha for over 30 years exclusively in the estate and trust area of law. Following law school, I also obtained a master of laws in taxation degree from the University of Florida. About 20 years ago, my practice segued into contested litigation involving estates and trusts. These days, that area of my practice is booming. It consumes over 80 percent of my time and that's unfortunate. But the reason is, is because sometimes people are serving as trustee that should be trustee. And our concern-- and I'm here on behalf of the Nebraska State Bar Association, I have been a member of its house of delegates, I believe, for around 20 years, and I also am on its legislative committee. So I have been involved in reviewing laws concerning estates and trusts for the Bar Association for quite a while. And I also served on Senator Landis' study group back in 2001 when he had us look at the Uniform Trust Code for consideration for adoption by

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Nebraska, which obviously we did, and it became effective January 1, 2005. Practicing in the contested area, I have seen the good and the bad and the truly ugly. And when you have someone who is not fulfilling their fiduciary duties as a trustee, the only person who can step in and stop it is a beneficiary who has knowledge that the fiduciary is not doing its job. As written, LB711 would allow an irrevocable trust to continue to be administered for people who the trustee does not even have to give them a copy of the trust. So tell me, how is the beneficiary supposed to protect their interests if they don't even receive a copy of the trust? Those are the primary concerns with the bill as written is in the Uniform Trust Code, Section 30-3805, lists the things that, that the trust must do, and it cannot be overwritten by the terms of the trust itself. And so the duty to report is one of those key elements of a trust, of the trust world that protects the citizens of Nebraska. And I understand that there's a lot of people who would like to do great things by making secret trusts, but you can't have legislation that just affects them and not the aunt or uncle or brother who's serving as trustee for Grandma's trust and decides to start pilfering it for their personal use. And that's what I see happen too often. And, and those are the reasons why the bar is concerned about this bill and is here to oppose the bill. Does anybody have any questions?

SLAMA: Thank you, Ms. Spahn. Are there any questions from the committee? Yes, Senator Kauth.

KAUTH: Hi, Ms. Spahn. Do you-- did you hear what Senator Lindstrom had said as far as a, a modification to that, that making a [INAUDIBLE] agreement where if the person who starts the trust passes away, at that point the beneficiary would be notified? Does that work?

SUSAN SPAHN: Well, as it stands today in common estate planning, because I still do slip some of that in, when I'm doing an estate planning for a husband and wife, typically it's a revocable trust, meaning the husband and wife can change the terms of that trust before they die. If it's a revocable trust, no one gets notice of it because rights haven't vested in the other beneficiaries. So the estate plan is completely private as long as it's revocable by the husband and wife. It's only when the trust becomes irrevocable and all of the qualified beneficiaries' rights vest in that trust that these notice requirements kick in. And there's also the section in the Trust Code that says while the settlor is alive of a revocable trust, all the duties are owed to the settlor, and that's the person establishing the

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trust. So, so when you-- if that's your purpose for this, that purpose is already bound.

KAUTH: Thank you.

SUSAN SPAHN: It's more if there's an irrevocable trust that you may be establishing now for the benefit of children down the road.

SLAMA: All right. Thank you, Senator Kauth. Additional questions from the committee? I have one. I, I appreciate your testimony, Ms. Spahn, and my question with regards to what you're seeing, in terms of potential middle grounds for this language, my question would be what if only a professional financial planner or a professional trustee could use this route? Would that be something that we could put in the language and perhaps fix some of the issues you and the bar see with this language as it is?

SUSAN SPAHN: Well, I think, I think there would also be concern with other attorneys that by-- one, one of the things that a trustee is required to inform the beneficiaries of is a change in their compensation. And, and the duty to inform all the beneficiaries of a change in compensation is one of the things that would be removed under the current bill as it's presented. So, so there are, there are certain concerns even with professional trust company that, that other attorneys would have a concern about. So I-- and I don't know from an administration of law, if you can have one set of rules for a professional trust company versus another set of, of law for mom and dad or aunt or uncle.

SLAMA: I appreciate that. Thank you. And one more question before we let you go. Could you please say and spell your name for the record?

SUSAN SPAHN: Oh, I'm sorry.

SLAMA: No worries.

SUSAN SPAHN: Susan, S-u-s-a-n-- I haven't been here since I testified for the--

SLAMA: Oh, you're fine.

SUSAN SPAHN: --Office of Public Guardian. That's been a long time. Spahn is spelled S-p-a-h-n.

SLAMA: All right. Thank you very much.

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SUSAN SPAHN: OK. Thank you.

SLAMA: We appreciate it. All right, additional opposition testimony to LB711? Seeing none, is there any neutral testimony for LB711? Seeing none, Senator Armendariz, you're welcome to close. Senator Armendariz waives closing. Before we close out the hearing for LB711, there were no letters for the record for LB711. So this brings to a close our hearing for LB711 and brings us to Senator Wishart's LB709. Welcome, Senator Wishart.

WISHART: Hi. Good afternoon, Chair Slama and members of the Banking, Insurance and Commerce Committee [SIC]. I learned why commerce is included in that with this legislation today. My name is Anna Wishart, A-n-n-a W-i-s-h-a-r-t, and I represent the 27th District in west Lincoln and southwestern Lancaster County. I do have these documents to submit for the record. I am here today to introduce LB709, a bill that would provide transformational one-time funding to the city of a primary class and its surrounding areas. LB709 creates the Convention (and Event) Center Capital Construction Program and appropriates funds for the purpose of \$60 million in one-time funding for construction of a new convention center and event space in a city of the primary class, \$7 million in one-time funding for renovation and improvements to an existing space connected to an agricultural society located in the city of the primary class, and \$4 million in one-time funding for capital improvements to any event space located near a recreational area in a county in which there is also a city of the primary class. The idea for this bill started over a year ago. I was at a Lincoln Chamber of Commerce meeting for a speaking engagement and I had just gotten back from spending a weekend in Norfolk and the weekend before that I had spent in Tekamah and I was visiting friends and I spoke at the Lincoln Chamber meeting about what it feels like when you enter a community in Nebraska that is so clearly decided that they're going to put a stake in the ground and say we're going to grow and we're going to be a community that has a lot of vitality that attracts people. And I mean, I love the people of Tekamah and Norfolk, but I also love going there and seeing so much momentum on their main streets. And I've gotten the opportunity to do this as well in my previous job. And it really is clear when you go across the state and you visit Nebraska communities, it's clear which communities have decided to thrive. And one of the things I've learned from these communities is that there is sort of a repetitive recipe where you have a supportive community, you have public and private sector leadership, and you have a really strong vision. And so I asked the Chamber that day, what is our next big opportunity in Lincoln? What is our vision? How are we as a

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community saying that we are going to continue to thrive? And I asked that question that day and I kept asking it over the course of the fall. And the response that kept coming up to me was the convention center. This is not a new idea. This was actually a large meeting space that was envisioned to go hand in hand with our Pinnacle Bank Arena. And as you know, the arena got built and, and the convention center was a future project that was put on hold. You know, yes, Lincoln is an absolutely wonderful place to live now and, and we continue to grow. But one of the things I've noticed and heard from our Chamber and from other private sector industries in the, in the community is that when they're out recruiting and, and employers to come and work in our community and live here and, and build their family, they're competing against Austin and Denver and some bigger cities across the country. And what they find is that when they get somebody to come here for an interview and spend a weekend here in Nebraska, people fall in love with our state and with our community. But it takes getting that person here. And so this idea of a convention center is an anchor. It is a recruitment tool for professionals to come here, spend some time in our capital city, fall in love with our state, and stay here, build their career, raise their family. So you're going to hear from a lot of people today about details of the convention center and some of these other projects that are included in here. So I will just close by saying, first of all, this is already a very vetted project. We have two phases of a report that are completed from a national firm that you'll receive today and hear about. There are five sites already located in the downtown area and there is an ongoing process right now to narrow those sites. While this is a convention center being built in our capital city, its location will be very helpful to being able to serve state government. So there will be a state benefit to this. And the funding requests that I'm bringing you today, it is part of a much larger conversation that our Legislature has been having for a couple of years now on how we can utilize one-time funding across the state to support economic growth around our state, and that includes water infrastructure, roads, power, and other economic development projects. And I've gotten to be in a position on the Appropriations Committee where we've gotten to fund really incredible projects across the state that are transformative for communities. Well, this is Lincoln's voice in our surrounding area. This is our voice set the table for what we would like to see in terms of economic growth. So with that, I will close and see if you have any questions.

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SLAMA: Thank you, Senator Wishart. Are there any questions from the committee? I have just one, and I appreciate you being here today and your drive to grow Lincoln's economy. But my question is, why, why use state dollars for this project? Is there not private dollars available for this?

WISHART: So the total project will cost \$120 million according to the study. So this would be a 50 percent match. The rest would have to be raised by local private philanthropy and local support.

SLAMA: All right. Thank you. I appreciate it. Any additional questions? Seeing none, thank you very much.

WISHART: And I will stay.

SLAMA: Sounds good. All right, we'll open it up to proponent testimony for LB709. And if you're planning to testify in support of the bill, I'd ask that you come forward and sit in the first few rows just to minimize the time we have in, in transit.

JEFF MAUL: Good afternoon, Chairwoman Slama and members of the Banking, Commerce and Insurance Industry [SIC]. My name is Jeff Maul. For the record, J-e-f-f M-a-u-l. I'm the executive director of Visit Lincoln, formerly the Convention and Visitors Bureau, newly branded, and vice president of the Lincoln Chamber of Commerce. I am testifying on behalf of the Lincoln Chamber, the Lincoln Young Professionals Group, as well as Visit Lincoln on behalf of support of LB709. I want to thank Senator Wishart and other members of the Lincoln and Lancaster County delegation for inclusion of all three facilities in this bill. While discussions of a convention center are certainly not new to our community, I want to focus on the benefits not only to Lincoln, but the region and our state and update you on the most recent feasibility studies presented by the Conventions, Sports and Leisure study, or CSL. As a region, including member communities that make up the Southeast Nebraska Tourism Coalition and others in eastern Nebraska, they benefit greatly when the rising tide that is called tourism is healthy in Lincoln. This based on thousands that attend Husker athletics, events at Pinnacle Bank Arena, Haymarket Park, and state high school championships each and every year. Our highways and byways all make up an impressive network of connectivity that bring people to and from our community each year for events that include stopovers in many communities for meals, unique shopping, and stays in warm and enchanting bed and breakfast. One of my favorite. All these stops and destination visits represent dollars spent and tax benefits

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statewide. With this being said, our community is only serving 30 percent of the demand in our largest convention property, the Cornhusker Marriott. And this bill will better equip our community to host new and retain existing state, regional, and national association conferences that have longed for more space under one roof. The most recent CSL study states that 78 percent of planners surveyed would consider or use new space in Lincoln. This includes those very same state associations and would include statewide tourism rotation, which is common ground amongst our state associations that call homes and conferences from Gering to Omaha, Beatrice to Sioux City. It is truly a statewide entity. Other key findings in the study include, and this is phase one and phase two, Lincoln ranks last amongst ten similar communities across the country in sellable convention space under one roof, but ranks first amongst comparable cities with existing restaurant, retail, and hotels in the downtown area that can support a new convention space. Construction would generate \$37 million in net new direct spending, \$62 million in total economic impact, and support 440 full-time equivalent jobs. In a stabilized year, the facility will host 200 events with more than 112,000 attendees and lead to 25,800 room nights and hotels generating city hotel tax and food tax revenues each year. Net new spending will also be felt in the form of local, county and state lodging and sales tax, which pad the coffers for development and operations. The convention center will support 230 jobs per year and event activity alone will generate \$18.5 million in economic output. This bill, still in the very early approval process, is also well-timed with visionaries with our organization Visit Lincoln, Downtown Rotary Club 14, and the Downtown Lincoln Association that commissioned the above mentioned studies and stand ready in moving this project forward to becoming a shovel-ready project in the coming years. Of importance is the necessary public and private partnership as it is a success model and works in Lincoln when you look at facilities like Haymarket Park and Pinnacle Bank Arena. As a state, we are proud of our capital city and its amenities. For many, a second home at various times during the year, a lot of you are a good representation of that. Much as was the case with Pinnacle Bank Arena, I truly believe that this convention center, while based in Lincoln, can truly be referred to as Nebraska's Convention Center, a gathering place for state throughout-- state conferences throughout the year, during the legislative session, and most importantly, a facility in downtown Lincoln in the shadows of our great State Capitol. This concludes my testimony, and I would be happy to answer any questions.

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SLAMA: Thank you, Mr. Maul. Are there any questions from the committee? Senator Ballard.

BALLARD: Thank you, Chair Slama. Thank you for being here, Mr. Maul. When you're going around the country marketing the Lincoln, what are the pros and cons you hear from different groups?

JEFF MAUL: I mean, for us, you know, you know, I've done this a long time. We have an amazing sales staff. What we hear all the time is just family friendly, great destination, safe, easy to get around. It feels for a lot of people like their hometown. They just appreciate the destination amenities. And I think the challenge is just going beyond that mindset and becoming a, a much stronger destination skyline, having the destination assets that Senator Wishart talks about and becoming a better place for youth. And I think we're somewhat capped at our growth to answer that question.

BALLARD: And then who, who's our major competitors for, for bringing new groups?

JEFF MAUL: You know, nationally, regionally, you take a look at Sioux Falls, South Dakota, Des Moines, Iowa, which is a growing metropolis out there. You take a look at communities like Durham, North Carolina, Lexington, Kentucky, Fort Wayne, Indiana. You know, a lot of these competitors were talked about in the competitive study, in the study, but we compete regionally quite extensively. And we really-- we know we can do better with better facilities.

BALLARD: Thanks for being here.

JEFF MAUL: Yeah. Thank you.

SLAMA: Thank you, Senator Ballard. Additional questions from the committee? Senator Kauth.

KAUTH: Just real quick. In a stabilized year, define stabilized year.

JEFF MAUL: Stabilized year is typically year three and four, once you get yourself going and you start to establish relationships. Statewide associations, Nebraska associate-- or whatever, national associations, have about a three- or four-year contract cycle.

KAUTH: So that's after opening. And then how long will the actual project take from shovel to open?

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JEFF MAUL: I would have to go back and take a look at the study and I'd be happy to follow up with that.

KAUTH: Thank you.

JEFF MAUL: Thank you.

SLAMA: Thank you, Senator Kauth. Additional questions from the committee? Senator von Gillern.

von GILLERN: Mr. Maul, thank you for being here. Love the idea, love Lincoln. I was born here and lived here for a number of years. Certainly want to see it succeed. One of the biggest challenges Lincoln has is air travel.

JEFF MAUL: Sure.

von GILLERN: So I'm curious to know what you perceived in the study, did it, did it balance out the potential for national conventions versus state or local? Obviously, Haymarket does well, Pinnacle Bank does well, stadium does well, but, but those are pretty much all local or people within some reasonable driving radius. So talk to me about air travel, what the impact is there on your, on your study and potential revenue.

JEFF MAUL: You know, it's been, it's been a conversation for years. I mean, we all know that air service is one thing that when you take a look at national associations that are made up of people from all 50 states and across the globe, getting here by air is always something people are challenged with in Lincoln. I appreciate the work of Senator Bostar with his work with Amendment 1 to put some capability in our local municipalities' hands to, to invest in our local air service. But people are still getting to Lincoln. They're getting to Lincoln via Omaha if, if they absolutely think this is where they want to meet. And we're having great luck with that. We know we can be better, I think is probably the, the shorter answer to that. But our wheelhouse is three to five hours. We're, we're a drive-time market. We compete a lot in that kind of Midwest market. And people are finding a way to get to Lincoln because once they're here, they fall in love with this community.

von GILLERN: And is that, is that three to five hours reflected in the study of usage, potential usage and viability?

JEFF MAUL: Yes.

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VON GILLERN: Great.

JEFF MAUL: Yes.

VON GILLERN: Thank you.

JEFF MAUL: You bet.

VON GILLERN: Appreciate it.

JEFF MAUL: Good question.

SLAMA: Thank you, Senator von Gillern. Additional questions from the committee? Seeing none, thank you, Mr. Maul.

JEFF MAUL: Thank you.

SLAMA: Additional proponent testimony? Good afternoon.

ROMA AMUNDSON: Good afternoon. And good afternoon, Senator Slama and members of the Banking, Commerce and Insurance Committee. My name is Roma Amundson, spelled R-o-m-a A-m-u-n-d-s-o-n. I am appearing before the committee in my capacity as a member of the Lancaster County Board of County Commissioners. I'm here to testify on behalf of the Board in support of LB709. There are several testifiers here today who will touch on the many critical economic development projects supported by this forward thinking legislation. All of these projects are extremely important to ensuring the continued expansion of the state's tourism industry. Although the Board stands in strong support of each and every one of these projects, my testimony will focus on funding for the agricultural societies. State level funding for agricultural societies in cities of the primary class, like the Lancaster County Agricultural Society, is more critical than ever. Over the years, the Board has been a consistent and reliable supporter of the statewide tourist attractions maintained by our agricultural society. Over the past decade, the Board has invested over \$8 million in lodging tax revenue to improve what has then become a national leading fairgrounds facility that attracts visitors from over 25 states annually. This total includes approximately \$7 million that was invested to improve the campgrounds, the outdoor grandstand, and the arena needed to attract the National High School Finals Rodeo to the state of Nebraska. These improvements are now attracting other leading national and international events to our state. In addition, the Board has partnered with our agricultural society through a joint public agency to issue two sets of bonds totaling approximately \$9.9 million. These

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bonds pay for the cost of building out the first two phases of the three planned phases of improvements to the agricultural societies' facilities. The second set of bonds continue to be paid back by the county taxpayers through a property tax levy through 2032. These substantial investments have allowed the agricultural society to become a true asset to our state as a whole. In addition to hosting thousands of 4-H, FFA, and school youth and multiple agricultural events, including Nebraska's largest county fair, this multiuse facility now draws over 300 unique agricultural tourism events year round to Lancaster County. These events involve or impact local businesses throughout the region, support over 700 full-time equivalent jobs, and generate over \$60 million in tourist activity, much of which comes from out-of-state visitors. There is no doubt that the pandemic took a major toll on our agricultural societies' operations and bottom line. Over the 240 events totaling \$6 million, these were canceled due to the pandemic, including the first National High School Finals Rodeo and Family Motor Coach Association show in 2020.

SLAMA: Ms. Amundson, I'm sorry. We have to do strict light enforcement. I, I hate to be the bearer of bad news, but if you could give us your last thoughts.

ROMA AMUNDSON: It's very, it's very important that we do, that we do support this. One of the things that is that even despite the fact that it had its own significant financial situation, it was still able to support over 75 different events during the pandemic that was for the benefit of the community.

SLAMA: Thank you very much. Are there any questions from the committee? Seeing none, thank you very much for being here today.

ROMA AMUNDSON: Thank you. Thank you all.

SLAMA: Good afternoon.

TODD OGDEN: Good afternoon, Chairwoman Slama and the rest of the committee. My name is Todd Ogden, T-o-d-d O-g-d-e-n, and I am currently president and CEO of the Downtown Lincoln Association. Our organization has been around for over 50 years, 17 of which I've been a privilege to be a part of. In all of those years, I believe that a downtown convention center would create more economic vitality, particularly for small businesses than any other project that we have ever worked on. We are so thankful for Senator Wishart for introducing

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and championing LB709. Our business improvement district includes over 500 property owners, about 900 businesses, including over 150 local restaurant, retail, and arts entertainment venues. And most importantly, 25 banks and financial institutions. I'm here today on behalf of our Board of Directors and our chair-elect, Tom Klein, who is the senior advisor of the commer-- of commercial banking at FNBO. Tom would probably be the ideal spokesperson for us to present to the Banking Committee and, unfortunately, Tom couldn't make it today because he is busy supporting those very small businesses that we are confident the downtown convention center would support. And I learned really quickly, do not ask a banker to cancel a meeting with one of his clients. So that was noted. Down-- downtown Lincoln is rapidly adapting from an 8 to 5 center to a 24/7 urban neighborhood. There has never been an opportunity like this in our history to mold the core of our state's capital city into something that will support and attract our current and future generations. Since downtown is spreading out, not only by size but by the amount of time spent throughout the day as we become a 24/7 center, there is so much opportunity and it has become more important than ever to have consistent spikes of visitors to the area that only a convention center could truly bring. In short, this project would not only ensure a prosperous small business and hotel community, but also serve as an economic development and catalyst for downtown Lincoln and the entire state of Nebraska. Thank you for your time and consideration and feel free to have any questions.

SLAMA: Thank you very much, Mr. Ogden. Are there any questions from the committee? Seeing none, thank you very much for being here today.

TODD OGDEN: Thank you.

SLAMA: Good afternoon.

KENDRA RONNAU: Good afternoon. Chairman Slama and members of the committee, my name is Kendra Ronnau, K-e-n-d-r-a R-o-n-n-a-u. I'm the president of the Lancaster County Ag Society and we manage the Lancaster Event Center Fairground, also known as LEC Fairgrounds. It's an honor and a privilege to be able to sit here before you today and thank you for your service and the opportunity for me to testify. I'm a proponent of the \$7 million that is included in LB709 that would help us with improvements to the LEC Fairgrounds, which, by the way, just a side note, tomorrow is our 22nd anniversary. As you know, Nebraska's ag societies are public entities created by a vote of people over 150 years ago to foster ag education and ag business. In

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Lancaster County, we deliver on this unique ag mission with a year-round LEC Fairgrounds by hosting over 300 events annually, including our ten-day county fair. In addition to our extensive local activities, the LEC Fairgrounds is Lincoln's number one and one of the state's top three attractions for out-of-state visitors. Studies show that the LEC Fairgrounds has a \$60 to \$70 million economic impact. Like many in tourism, we were hurt by COVID and lost over \$10 million with event cancellations and lost growth momentum. There continues to be high demand for the facility improvements that serve the 500,000 to 600,000 visitors and many local needs. Every day we compete for events, you were asking. We compete with Des Moines, Kansas City, Oklahoma City, Minneapolis, Denver, and many other cities close by. Our event partners and their participants love coming to Lincoln. We provide all the amenities of a large agriculture venue, but right in the city, people love that. On pages seven and eight of your handout, you can see examples of the type of national and international events we can attract. In July of 2021, we broke all the past LEC records when we hosted the National High School Finals Rodeo. An actual UNL study summarized that we have an estimated \$18 million of out-of-state visitor economic impact from the event. The rodeo is contracted to come in '26 and '27, but we have a \$5 million list of improvements to host it for then, along with additional contracts. Ag tourism is important. We need, we need to pair up with LB709 and we're so appreciative of Senator Wishart for including us in this. On page 13, exhibit 3 or D, there's a chart that itemizes critical competitive facility upgrades that is required to ensure that the LEC Fairgrounds can continue to operate and grow at its current level. Excuse me. Thank you for the opportunity to sit up here to tell our story. We feel like we serve the city, the county, and the state along regional, national level. And if you've got questions, I'd be glad to answer them. Three minutes goes fast.

SLAMA: It, it does, it flies by. Thank you very much, Ms. Ronnau.

KENDRA RONNAU: You bet.

SLAMA: Senator Ballard.

KENDRA RONNAU: Yes.

BALLARD: Thank you, Chair Slama. Thank you for being here.

KENDRA RONNAU: My pleasure.

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BALLARD: So \$60 to \$70 million economic impact. Are those new dollars, where does that come from? Are those new dollars coming into the county?

KENDRA RONNAU: So, you know, when you hear of studies, sometimes those are numbers that they've just guesstimated. These are actual studies that Dr. Eric Thompson from UNL did for us six years ago. So with inflation and we've amped up on growth, we, we were blessed to have people call us daily wanting to have events there, not just local but regional and national events. So \$50 million is our baseline every year. We've been fortunate to have national events. The rodeo, we had Family Motor Coach come in, now that was the rodeo and Family Motor Coach was canceled in 2020 due to COVID. That hurt us. But we have a nation-- try to have a national event every year so we're not just sitting idle. Per Dr. Thompson's study, again six years ago, so it's almost double, \$211 per day from business vendors, \$160 per day from competitors, like we do a lot of horse shows and livestock shows, \$97 a day, public attendees and spectators. These are all outside. This is not our local people. It's outside visitors. In 2021, it's estimated \$4.5 million. A quick breakdown of that just so you know, the state, you guys are at the top of the food chain; \$2.8 million, state of Nebraska sales and lodging taxes per year; \$1.4 million to the city of Lincoln in sales and occupation taxes; \$300,000 roughly to Lancaster County through the lodging tax. And, and as our county commissioner said, we've been grateful to get-- they've, they've been kind to us to help us have improvements to keep pulling these national, regional events to come. People-- Jeff Maul is right, people come. They love it here. One of the things that we hear often is that we're centrally located. It's easy for anybody to get-- you can come from Texas, you can come from California, Florida. We're centrally located and we're safe. We hear that a lot. We're safe. So does that answer your question? And this is all found in your packet as well on the back part of your packet. It's all laid out for you.

BALLARD: Thank you.

KENDRA RONNAU: Thank you for sitting up here and listening to everybody. We appreciate it.

SLAMA: Oh, we've got more questions for you.

KENDRA RONNAU: Oh.

SLAMA: Senator Dungan.

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DUNGAN: Sorry. My apologies.

KENDRA RONNAU: OK.

DUNGAN: Thank you for being here.

KENDRA RONNAU: Sure.

DUNGAN: I did have the great fortune to attend or at least see some of the events of the National High School Rodeo. It was a fantastic time. Appreciate all of your efforts for that.

KENDRA RONNAU: Thank you.

DUNGAN: Obviously, there's the estimated \$18 million of out-of-state economic impact we had from just that event alone.

KENDRA RONNAU: Right.

DUNGAN: There's the second part here where you talk about the estimated \$5 million that's needed to serve that event moving forward.

KENDRA RONNAU: Um-hum.

DUNGAN: If, if those updates are not done, is it possible that they would not be here in '26 and '27? Do we-- do those--

KENDRA RONNAU: That, that is a possibility. We, we think we can do everything but that, that is a real possibility.

DUNGAN: So we could miss out on the \$18 million in '26 and '27 without those improvements?

KENDRA RONNAU: Could be. Yeah.

DUNGAN: Thank you.

KENDRA RONNAU: As much as we hate to say it. So we're working really hard to, to get everything happen. We have a great working relationship with the rodeo folks. I will, I will commend our staff. They, they, they go above and beyond. So-- but the reality is that center, which is why we were so appreciative of Senator Wishart, we are not really funded like a lot of other places and we have a lot of people, 500,000 to 600000 people coming through and flushing toilets. And that's a lot of wear and tear on buildings, so. Yeah, in order to keep, to keep current. Yeah. So.

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DUNGAN: Thank you.

KENDRA RONNAU: You're welcome. Any other questions?

SLAMA: Thank you very much. Senator Jacobson.

JACOBSON: I just have one quick question.

KENDRA RONNAU: OK.

JACOBSON: Whenever I see we're number three, I always have to ask who's number one and number two on the out-of-state visitors?

KENDRA RONNAU: I don't know.

JACOBSON: Well, I raise this question because obviously the Nebraska State Fair used to be located in Lincoln.

KENDRA RONNAU: Well--

JACOBSON: We relocated to Grand Island.

KENDRA RONNAU: Correct.

JACOBSON: We spent a massive amount of money on building a brand new fairgrounds. We put the industrial park here in Lincoln. And then immediately after that, the Lancaster Event Center started building their look alike to the State Fair. So I am concerned about duplication of services. I really am. I don't think our state can really afford to have multiple sites doing similar kinds of things. And we've made a massive investment in Grand Island for the State Fair. I'm from outstate Nebraska. I'd like to see more investment going that direction. So I'll be real honest with you, I get concerned about putting more infusions of state dollars into local events when everybody else is happy to kind of fund their own way. So I just-- I point that out because I assume the Nebraska State Fair might be one or two.

KENDRA RONNAU: Yeah, probably.

JACOBSON: Thank you.

KENDRA RONNAU: I would just like to add. I, I-- we don't ever want to compete with the State Fair. We-- that is never our intention is to compete with the State Fair ever. We, we feel like we have a good working relationship. I know they just got a new director. We think

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the state of Nebraska is big enough that, that there's room for both. We don't have much overlap. We really don't with the, with the State Fair folks. I think that--

JACOBSON: You, you answered my question. Thank you.

KENDRA RONNAU: OK. OK. Good enough.

SLAMA: Thank you, Senator Jacobson. Any additional questions?

KENDRA RONNAU: Thank you.

SLAMA: Seeing none, thank you very much.

KENDRA RONNAU: Thanks.

SLAMA: Good afternoon.

DAN MARVIN: Thank you, Chairwoman Slama and the rest of the committee here. My name is Dan Marvin, D-a-n M-a-r-v-i-n. I'm the director of the city of Lincoln's Urban Development Department. I'm here speaking in support of the convention center for the city of Lincoln. Previously, I was a program manager for the secretary-- and secretary for the West Haymarket Joint Public Agency. At that time, that was the largest public-private partnership in the city of Lincoln, and we built the Pinnacle Bank Arena. It was a catalyst for all of the development that occurred south of the arena. So I just want to spend a couple of moments so that you can understand how a convention center will be a catalyst in other parts of the city's downtown. When we built that, we would tell people that this will serve to create 100 housing units, 100,000 square feet of additional office space, and 100-room hotel. We did create the 100-room hotel, but we far exceeded the numbers on apartments and residential units. And just last week, we announced a new corporate office in the downtown, space for a new corporate office in the downtown would be 60,000 square feet and a 93-unit apartment complex that would go in the West Haymarket JPA area. So on top of everything that we've done, we have Olsson, we have Hudl. We will have additional space that will be created from that, and that is the synergies that come from a public-private partnership. I believe this proposal will create the same kind of impacts, leveraging public dollars that can stimulate private investment that has a multiplier impact on the downtown of the state. It will create energy around the site that will foster hotels, shops and restaurants, which will then in turn create demand for housing and other office uses. No one knew when we built the Pinnacle Bank Arena that two large

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corporate entities, Olsson and Hudl, and now a future one, would make their home in the West Haymarket area. Housing, too, has been quite successful as I mentioned. A grocery store came in as part of this development as well. So I think when you build it, the old thing of baseball, you build it, it will come, I think that we've proven that that model works. It's worked in West Haymarket. It will work in other areas of downtown. And the last thing I want to finish on, because I'm yellow here, the last thing I want to finish on is this is different from a sports building. This is a place where people collaborate to solve problems. And I know that that's what this community is working on, solving problems. You're going to have water issues in the state. This will be a source that will help create those collaborative efforts to solve the state's problems. Thank you and I'll lead back any questions.

SLAMA: Thank you very much. First question for you, sir, can you spell your name for the record, please?

DAN MARVIN: My name is Dan Marvin, D-a-n M-a-r-v-i-n.

SLAMA: Thank you very much, Mr. Marvin. Questions from the committee? Seeing none, thank you very much, Mr. Marvin.

BUD SYNHORST: Good afternoon, Chairwoman Slama and members of the Banking Committee. Appreciate your opportunity here today. Bud Synhorst, B-u-d S-y-n-h-o-r-s-t. I'm the president and CEO of the Lincoln Independent Business Association, representing a thousand small businesses primarily located here in Lincoln and Lancaster County. Really, there have been a lot of great things that have been brought up today, so I'm going to take a lot less than three minutes. Just, we're here to lend our support. I think over the last few years, we've seen some developments here in Lincoln with the South Beltway growth opportunities as we start to talk about an East Beltway. And I think a convention center adds right into that economic vitality of our community, which will drive business to our small businesses. So with that, I'll just give you some of that time back. And thank you for your time and if you have any questions.

SLAMA: Thank you very much, Mr. Synhorst. Are there any questions? Seeing none, thanks for being here today.

BUD SYNHORST: Thank you very much.

SLAMA: Good afternoon, Senator Erdman.

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PHIL ERDMAN: Senator Slama, members of the Banking, Commerce and Insurance Committee, my name is Phil Erdman. That's spelled P-h-i-l E-r-d-m-a-n. I'm the director of Dealer and Government Relations in Nebraska for the Iowa-Nebraska Equipment Dealers Association. We're here testifying in support of LB709. Yeah, Nebraska Equipment Dealers are proud partners with the staff and the leadership at Lancaster Event Center where we host the Nebraska Ag Expo, which is the second largest indoor ag show in the country. We do that every December right here in Lincoln. We work closely with our friends that visit Lincoln, the Lincoln Chamber of Commerce, The Combine, University of Nebraska-Lincoln, and others as we stake the claim that agricultural innovation and technology is showcased in Lincoln at the Nebraska Ag Expo. LB709, in addition to the work that the Legislature has already done in previous sessions, would provide additional resources necessary for LEC and the community of Lincoln to maintain and grow their facilities to meet the needs and opportunities available to them. At the Nebraska Ag Expo, we currently have over 800 exhibitors, including 50 companies that are focused on developing and operating innovative solutions to agricultural needs now and in the future. And we're also recruiting more companies. And in fact, right now, our company also owns the Iowa Ag Expo, which is going on in Des Moines, and that's the third largest Ag Expo. And so between the two shows, we're working very closely, but want to make it clear that we believe we can stake that claim for the importance of ag innovation right here in Lincoln, Nebraska, with our partners at LEC. So in addition to our farm show, Senator Jacobson was, was there this, this fall. We appreciated that. We also are working closely to make a community of innovators here in Lincoln. And so we do that in partnership with the Lincoln Economic Development Group, The Combine, [INAUDIBLE] Partners, Farm Service of America, Invest Nebraska to make the case that innovation doesn't just happen in Lincoln one week in December. It should happen in Nebraska year round, and we want to be the place where that is founded. I provided you three handouts. The first one is simply an economic impact study that we have done about our role in supporting the community. Page two is an open invitation for all of you to come to our farm show or Ag Expo December 5-7. Many of you were invited and had the opportunity to attend this year, but you're all welcome to attend to see what Senator Jacobson saw this year. And that is when you put white carpet on a horse barn floor, you rig the lighting and you hang some video boards, it can transform the space. And I hope Senator Jacobson would agree with that. And then finally, what I'd like to point out is the third document, so it's a part of our show as well, it's called Career Exploration. We are working

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tirelessly to recruit and retain the employees necessary to serve our rural communities, and especially our members in the dealership business. We had over 500 high school students come through the show this year, and you're thinking that those are probably folks from places like North Platte or Bayard. In fact, over 150 students came from Lincoln Northeast. So we have a partnership not only with the schools that you see listed here, but throughout the state. And our goal is to inform them of the opportunities they have for high-paying careers right here in Nebraska. So we have a cool job to do. We promote the future of agriculture through innovation in a place where agriculture has a strong and a solid foundation as anywhere. When we succeed in our efforts at the Nebraska Expo with our partnership at LEC where agriculture meets innovation, agriculture wins, the Lancaster Event Center wins, Lincoln wins, and we believe Nebraska wins. So on behalf of our partners and ourselves, we're here to support LB709. Would ask for your support and be willing to answer questions you may have.

SLAMA: Thank you very much. Are there any questions from the committee? Seeing none, thanks for being here this afternoon.

PHIL ERDMAN: Thank you.

SLAMA: Good afternoon.

MATT ANDERSON: Good afternoon. My name's, my name's Matt Anderson, M-a-t-t A-n-d-e-r-s-o-n, and I'm the cofounder and CEO for the Branched Oak Observatory. I want to thank Chair Senator Slama and the members of the Banking Committee for this opportunity to testify today. It is an honor and a privilege to speak before this committee in support of LB709. The funding this bill will provide will be a reinvestment of hard-earned Nebraska tax dollars reinvested back into the communities from which it came. The downtown convention center will provide much needed convention and meeting space that is going to other communities outside of Lincoln and the state. Lancaster County Convention Center is also a proven asset that needs additional improvements to continue to make it a leader in this arena. The Branched Oak Observatory is the brainchild of myself and cofounder Michael Sibbernsen nine years ago hewn from the Nebraska grazing land to become the premier public sky park, not only in the state but the region as well. From the overgrown farm field from which it came, we now offer world-class experiences that can only be found here at the Branched Oak Observatory. Let me repeat that, world-class experiences. Our current classroom provides transformational hands-on learning

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experiences for more hands-on meteorite display where you will not find that anywhere else in the world. Our bevy of telescopes allows you to see the deep heavens and revealing the creations for us to enjoy, whether we're looking at our closest star of the sun, which we can do very safely, to viewing the moon, stars, galaxies, nebulae and star clusters to name a few. And our newest additions, our SATCOM Array and our Earth Moon Earth, set us apart from the rest of all those in our genre. Our staff of volunteers, our executive team, and our advisory board is a virtual who's who in academia and the business world. Since our inception, we have educated over 13,000 people from the local area, and all of this has been free of charge. During the past nine years, it's always been our goal to provide a quality, transformational educational experience like no other, and the numbers prove it. Currently, we're experiencing amazing measured growth. We'll be breaking ground on a new multipurpose center by the end of February. A \$400,000 project that has been primarily funded by the builder who shares our vision. Lincoln Public Schools is our first school district in which we'll integrate and expand the educational experience outside of the classroom. Dr. Paul Gossman has given us his personal endorsement and we are working with LPS as we speak. The building of our next facility will be expanding our offerings. The building is 18,000 square feet with expanded classroom science labs planetarium, which allows not only to make learning easier and fun, but to give us the opportunity to bring disadvantaged youth of our communities by partnering with but certainly not limited to Boys and Girls Club, YMCA, YWCA, Cedars Home, and other organizations within the community to bring those children out for day, weekend, and week-long camps at no charge to them. The additional space will also provide banquet meeting room and traveling exhibits. You see the reinvestment of our tax dollars stay right here in Nebraska. Our county-- our country needs scientists, engineers, astrophysicists and astronauts. LB709 provides us the ability to build, and that will help us to change the local landscape in Lincoln, Lancaster County, and the surrounding areas through the hiring of quality paying jobs with qualified instructors. This isn't just for Lincoln and Lancaster County. I want to assure our good senators in central and western Nebraska that this is available to all. If because of time and distance you can't be here, we will be there through technology. And you can view the night sky, talk to astronauts and, yes, even say hi to the moon. In conclusion, LB709 would offer a potential funding opportunity for the Branched Oak Observatory the opportunity to provide transformational educational experiences like no one else. Our other observatories around the nation and the world will be looking to

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the Branched Oak Observatory put Nebraska where it needs to be, number one in transformational educational experiences. I wish to thank Chairman Slama and the other senators on the Banking Committee for this opportunity to testify. I'll be glad to answer any of your questions. Thank you.

SLAMA: Thank you very much for being here today, Mr. Anderson.

MATT ANDERSON: Thank you.

SLAMA: Are there any questions from the committee? Senator Dungan.

DUNGAN: Thank you, Chair Slama. With the building of the new facility, to the best of your knowledge, is there any other facility in Nebraska that would have a similar kind of facility with the same purpose as what you all would do?

MATT ANDERSON: There is none. We are unique in this particular genre.

DUNGAN: Thank you.

SLAMA: All right. Fantastic. Thank you, Senator Dungan. Additional questions from the committee? Senator von Gillern.

von GILLERN: Yeah, thank you for being here. Where did the funding come from to build the observe-- the original observatory?

MATT ANDERSON: That actually all came out of back of pocket, blood, sweat and tears, community relationships. We partnered with about two dozen businesses, groups throughout the city and the state. We have a great partnership with the-- with LIBA and with the Lincoln Chamber of Commerce, whom Jeff Maul has been instrumental in making those connections for us.

von GILLERN: All right. Thank you.

SLAMA: Thank you, Senator von Gillern. Additional questions from the committee? Seeing none, thank you very much, Mr. Anderson.

MATT ANDERSON: Thank you for the opportunity.

SLAMA: Good afternoon.

RANDALL BRETZ: Well, good afternoon. My name is Randall Bretz, R-a-n-d-a-l-l B-r-e-t-z, and I'm here in favor of LB709. The two reports that we received that Senator Wishart mentioned give details

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about the need and the potential for the development and operation of a convention center here in Lincoln. They offered technical and financial details and I would like to take the time that I have before you this afternoon to talk to you about the "people-side" of a convention center. Just as Senator McDonnell said a little while ago, we have-- we don't have mountains, we don't have oceans, but we have great people. I'm hopeful that this committee and ultimately a majority of your colleagues will see the benefit in passing LB709. And as you do, let me help you grasp what I do call the "people-side" of the convention center. Just like you, elected officials, you're here to serve the people. And I am as well. I'm a member of Rotary of downtown Lincoln and similar organizations, and we seek to serve. That's why we've invested time in dozens of meetings and events and some of our funds to promote this good cause. And just like you, you come together to bring about better things for the people of our state. Those of us in Rotary and Visit Lincoln, the Downtown Lincoln Association, and so many more see the opportunity when we gather together to do good things for Nebraska to do-- to hear new ideas, to discuss challenges that we face, work together to improve our businesses and our organizations and our clubs. And certainly, as you gather at the end of each day, after the final gavel falls and you have a little fellowship, I see some wedding receptions, I see celebratory banquets, and I see just good times with fellow Nebraskans at a convention center here in Lincoln. Governor Pillen, in his State of the State address said-- talked a great deal about wanting to keep Nebraskans in Nebraska. He also talked about wanting to attract some back that have moved away. And he talked about inviting people from other states and indeed other countries to come here. You've heard it multiple times this afternoon, the people of this town, the people of this state are an attraction that we have and what better way to get people together than in a convention center to talk about-- share ideas, to talk about research that they worked on. And finally, just like Memorial Stadium and Pinnacle Bank Arena and the ball fields that Jeff is so excited about will give us a chance to show our athletic capabilities. I think a convention center will give our colleges and our universities, our businesses, our innovative start-ups from across the state, many organizations, a place where they can showcase their ideas, a place where they can share their research, and a place where they can talk about exciting new projects. So that, ladies and gentlemen, is the "people-side" of a convention center for Lincoln, Nebraska, and for all of Nebraska. It's a place where we can gather and celebrate, where we can deliberate and where we can learn. Just such a place occupied the southwest corner of UNL East Campus years

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ago. And it was in that facility that I came 50 years ago from Indiana to attend a conference. I liked the state so well, I liked the city so well, I liked the people so well that I moved my family here in 1979, and I'm proud to call this place home. So I hope you vote for LB709. And I look forward to seeing you in the convention center that we'll build. Thank you.

SLAMA: Thank you very much, Dr. Bretz. And we're grateful you chose Nebraska. Any questions from the committee? Seeing none, thank you very much for being here this afternoon.

RANDALL BRETZ: Thank you.

SLAMA: Good afternoon.

CINDY JOHNSON: Good afternoon, Senator Slama and members of the Banking, Commerce and Insurance Committee. My name is Cindy Johnson. That's C-i-n-d-y J-o-h-n-s-o-n. I am the president of the Grand Island Chamber of Commerce. I also serve on the Board of Directors for Grow Grand Island and the Grand Island Livestock Complex Authority. You may be wondering at this point how Lincoln's request for funding for a convention and event center and our testimony, my testimony from Grand Island are compatible. Let me take a moment to explain. Grand Island, located in the heart of Nebraska, is an agricultural community. Over 7,000 of our manufacturing jobs are directly related to the production of agricultural equipment and food products. Husker Harvest Days is located just outside of Grand Island and is the largest working farm show in the world. One of our major assets and economic engines is the Fonner Park Campus, home to the Nebraska State Fair, Aksarben Stock Show, Hall County Agricultural Society, Raising Nebraska, Heartland Event Center, and four world-class show and exhibit buildings built for the fair but constructed perfectly to host national youth livestock shows. The campus and surrounding area offer an opportunity for investment, tourism, and economic development. A professional visioning process highlighted our unique and world-class livestock facilities and identified these as a growth opportunity for our area. Currently, Grand Island hosts six to eight livestock-oriented shows every year, including national shows such as Junior Angus, Hereford, Boer Goats, and Charolais. These competitions are the Super Bowls of livestock shows. Exhibitors, their parents, and family members travel from across the nation to participate or cheer on the competitor. Because these livestock shows are focused on youth, the shows take place in the summer months and serve in many regards as a vacation for the family. The economic impact of these shows is significant bringing

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sales tax revenue, hotel occupation tax revenue, and other dollars from non Nebraska taxpayers into the state and city. Our facilities identified as the best in the Midwest for these livestock shows do present one unique challenge, the facilities are owned by a nonprofit and the entity that solicits, promotes, and coordinates the shows are also coordinated by a nonprofit. The livestock buildings, like many arenas and fairgrounds, are not moneymakers for the facilities. The financial gain resulting from these events is to hotels, restaurants, retail and services. When thousands of visitors are in the community spending dollars, the economic impact is significant. Accordingly, the city of Grand Island and Hall County through Grow Grand Island and the Visitors Improvement Fund provide incentive funds to ensure Grand Island and the state of Nebraska are competitive with cities like Louisville, Kansas City and Denver. Without this additional influx of funds, these facilities would be priced out of consideration. But continue to host these shows, we must be competitive and to be competitive additional funding to enhance and offer top notch facilities is needed. These buildings are nearly 15 years old and need renovations and updates to meet today's livestock show needs and retain their attraction to potential show organizers. When we read LB709, we felt this would be a good partnership with the bill introduced for Lincoln. We've handed out a proposed amendment to the existing bill, LB709. We believe Grand Island and Lincoln are two of the only communities that can host these shows in Nebraska. We have discussed this issue with Senator Wishart and she is open to the idea. Thank you for consideration and I'm happy to answer any questions you might have.

SLAMA: Thank you very much, Ms. Johnson. Are there any questions from the committee? Senator von Gillern.

von GILLERN: Thank you for being here, Ms Johnson.

CINDY JOHNSON: Yes.

von GILLERN: Quick question. I'm sorry I missed it when you said what-- which is it, the property that's owned by a nonprofit or the entity that operates the shows is owned by a nonprofit?

CINDY JOHNSON: Both. The property is owned by a nonprofit.

von GILLERN: OK.

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CINDY JOHNSON: So that's the Hall County Agricultural [SIC] Improvement Association.

von GILLERN: OK.

CINDY JOHNSON: And then our GILCA, Grand Island Livestock Complex Association [SIC], actually solicits the shows and coordinates the shows.

von GILLERN: OK. Great. Thank you.

CINDY JOHNSON: Um-hum. Thank you.

SLAMA: Thank you, Senator von Gillern. Senator Aguilar.

AGUILAR: Thank you, Madam Chair. I don't really have a question. I just want to say thank you for coming down, Cindy. You're a shining example of what Grand Island can do.

CINDY JOHNSON: Thank you very much.

SLAMA: Thank you, Senator Aguilar. Any additional questions from the committee? Seeing none, thank you very much for being--

CINDY JOHNSON: Thank you.

SLAMA: --here today, Ms. Johnson. Additional proponent testimony for LB709? Seeing none, is there any opposition testimony to LB709? Seeing none, is there anybody here to testify in the neutral position on LB709? Seeing none, we'll welcome Senator Wishart up here to close. Before she waives, there are four letters for the record, all proponents of LB709. Senator Wishart waives closing which brings to close our hearing on LB709. We will now have, if Senator Walz is here, get prepped for a hearing on LB515. Thank you for your patience, Senator Walz. You're welcome to open on LB515.

WALZ: Thank you for your patience. Good afternoon, Chairwoman Slama and members of the Banking, Commerce and Insurance Committee. This is the second time I've been here. I don't know if I've ever been here before, so this is pretty exciting. My name is Lynne Walz, L-y-n-n-e W-a-l-z, and I represent District 15, which makes up Dodge County and Valley. Today, I'm introducing LB515, which creates the Rural Economic Development Initiative Act or REDI Act. Pretty excited about this piece of legislation. As many of you know, in 2021, the Legislature held a special session for redistricting, as we all know. Through that

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special session it was clear that overall the population of Nebraska is increasing, but most counties are losing population and moving to the eastern part of the state. I've handed out a map that shows the population changes from 2010 to 2020, and that indicates what we saw while we were here. You'll also see that down in the bottom left corner this notes 70 of our state's 93 counties lost population. There's also a map showing the population change from 1970 to 2020. This map also shows 70 counties losing population and really gives a more holistic picture of historical loss. I wanted to pass this out so you could all see that this has been a trend. We as a state really need to be thinking innovatively about how we can approach rural needs versus urban needs and economic development plays a huge role in this. I'll use every excuse I can to show off District 15 so I love to use Scribner as an example of how important economic development is. Scribner has their very own Economic Development Director Elizabeth Valla, who's funded through LB840 or the Local Option Municipal Economic Development Act. Elizabeth submitted an online comment that goes into detail on how a boots-on-the-ground approach can boost economic development. Because of the work she's done for the community, there's no open storefronts in town, and a couple stores have actually split space with other stores. For instance, the beauty salon now rents half of their store out to a coffee shop. They also have no open housing and Elizabeth has been working tirelessly to bring developers to Scribner to build homes. Although many new housing options will be coming to the market, she already has a waitlist for the people who want to move to town. That's pretty exciting. This type of ingenuity and staff can really be what turns a small town around. However, many, many small towns only have a handful of people employed who don't have the time of day to think about how to grow their community. They're focusing more on day-to-day operations. That is why I'm introducing LB515 the REDI Act. Through discussions my office had with Megan Skiles at the Greater Fremont Economic Development Council, there's a desire for economic development groups to have a greater outreach into smaller towns. However, oftentimes they run into a lack of funding to hire an additional person. Megan actually came up with the idea for this bill, and we are just putting the pen to paper for her. Additionally, the Center for Rural Affairs really helped me expand on this. LB515 provides a grant opportunity to an economic development nonprofit corporation that's operating within a county to hire up to one additional full-time employee for five years. We're requiring that they provide services to one or more cities of the second class or village. This bill is also left open-ended enough so that there is no economic-- so that if there is no economic

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development nonprofit in a county, a regional nonprofit could step in and hire somebody for that county. The bill states that the individual hired must engage in two or more of the following activities assisting in the creation of economic development planning, assisting in applying for grants, improving housing, marketing new development, assisting in workforce retention, advocating for small communities where businesses are looking to locate or relocate, and also providing information about state and national opportunities. The bill also lays out all the information that must be provided within an application to the Department of Economic Development to carry out this program. Part of what I really wanted to get through in this bill is the-- is that the economic development nonprofit needs to have a good working relationship with the county. Which is addressed in the priority decision and the amendment that I'll be talking about, LB515 also includes a reporting mechanism so that-- so this way the department can have a good idea of the amazing work that's being done by these hired individuals. Additionally, this bill asks that the status of the program be included in the annual report by the department of the Legislature. We are also appropriating \$15 million to carry out this program. The \$15 million came from my office and that was an estimated 50 counties that would take part in this program, hiring one person for five years. My office set a general estimate of a salary at \$60,000 per year. However, I should also note that this bill is open-ended so that nonprofits can set the salary they believe is best for their area. Additionally, I see this as almost a pilot project, which is why we estimated 50 counties. If there ends up being a much higher demand for this act, then the Legislature can appropriate more money as it sees fit. This brings me to the amendment that I handed out, and I am very sorry that I'm handing out another amendment. But first this-- it puts the appropriations into a cash fund, and that's where the dollars will sit until they run out. And a future Legislature can decide if they will maintain and continue funding that program. Second, my office has been speaking with various economic development nonprofits from throughout the state, and they asked that part of the application process just reflect that partner-- that partnership with the county. Finally, the amendment lifts a county that has a priority status from 50,000 to 55,000 population. We made that change so that Buffalo County will have a priority status because their population just made it over the threshold by 54 individuals because we wanted to include Buffalo County. I want to emphasize that small towns are the backbone of our state. It's hard to be somebody from a small town or somebody that represents so many small towns to see the most recent census data and not be concerned about their

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future. Oftentimes, young people move from small towns leaving behind a workforce that is aging and close to retirement. Economic development plays a massive role in individuals deciding where to live. If somebody from a bigger town or city is looking for a place to, to locate they're going to lean toward a town like Scribner, where there are stores, restaurants and new housing developments because they know that community is thriving. My goal is that each small town can hire their own Elizabeth, who understands and can utilize LB840 to its fullest potential helping small communities thrive. This bill is a small piece of the puzzle in addressing our state's shifting population, but I think it's an incredibly important one. And with that, I'd be happy to answer any questions.

SLAMA: Thank you, Senator Walz.

WALZ: Sure.

SLAMA: Are there any questions from the committee? Senator Kauth.

KAUTH: Thank you. Hi, Senator Walz. How many small towns would be affected by this? How many potential employees would we be looking at?

WALZ: I don't have really the answer for the small towns, but I can tell you 50 counties.

KAUTH: So there are 50 counties--

WALZ: Yes.

KAUTH: --that qualify.

WALZ: Yeah.

KAUTH: OK.

WALZ: Well, over 50 counties qualify. All but four counties qualify.

SLAMA: Thank you, Senator Kauth. Senator Jacobson.

JACOBSON: Nope, I'm good.

SLAMA: Oh, you're good. Additional questions? Seeing none, thank you very much, Senator Walz.

WALZ: All right, thank you, guys.

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SLAMA: We'll open it up for a proponent testimony on LB515. And if you are planning on being a proponent on this bill, this isn't church, we invite you to come up to the front row.

MEGAN SKILES: Good afternoon.

SLAMA: Good afternoon.

MEGAN SKILES: Chairperson Slama and members of the Banking, Commerce and Insurance Committee, I am Megan Skiles. That's M-e-g-a-n S-k-i-l-e-s, and I am the executive director for the Greater Fremont Development Council, abbreviated GFDC. I am also testifying today on behalf of the Nebraska City Area Economic Development Corporation serving Otoe County and Gateway Economic Development serving Washington County and the Greater Omaha Chamber Economic Development Partnership. And I am here to express our support for LB515. If created, GFDC would apply and create a full-time position to focus on rural Dodge County using the Rural Economic Development Initiative Act fund. I wanted to share a little bit about my organization's structure and mission as it sits today to illustrate the issue that this act would help to solve. We are a 501(c)(6) nonprofit economic development corporation. Our service area is loosely defined as greater Fremont, and we are funded by an investor base that is primarily made up of private investors, which are some of the larger employees in Fremont, as well as the city of Fremont, the Fremont Department of Utilities in Dodge County. So the way that breaks down for us is that over 90 percent of our funding comes from within Fremont. Many of the smaller communities in, in Dodge County do not have the funds or larger employers to help fund our work. Including myself, we only have three full-time employees that are responsible for housing initiatives, site development, business attraction, workforce development, small business resources, business retention and expansion. We do our best to consult for the smaller communities in Dodge County. However, we have a full workload and our funding sources primarily come from Fremont addresses. Surrounding communities such as North Bend, Hooper and Dodge have economic development efforts primarily led by volunteer groups who are passionate about their communities, and with the help of a staff member dedicated to assisting their efforts can take their initiatives to the next level. If passed, this bill would allow GFDC to create a position focused on serving the cities of the second class and villages in Dodge County and preserve some of Nebraska's many small towns. To your question earlier, of the over 500 cities and villages in Nebraska all but 36 of them have a population of under 5,000. Many communities of this size do not have a paid position

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dedicated to their growth and sustainability. Having economic development staff working daily in these communities would help them to address issues and pursue strategic visions for their futures. Additionally, over the past few sessions, there has been an unprecedented amount of funding available to Nebraska communities and many opportunities to tackle housing shortages, upgrade community amenities, expand and start small businesses and upskill our workforce. Building and funding these programs only works well if the communities are aware of the opportunities, have the resources necessary to apply and also administer these programs, something that many of these communities lack. If passed, this act will help to build the infrastructure needed in our state to ensure the success of programs and opportunities created right here each year during the legislative session. Again, we support LB515, the Rural Economic Development Initiative Act to help preserve Nebraska's small towns and villages and ensure that they will continue to be a great place to live, work, and raise families in the future. Thank you and I'll take any questions.

SLAMA: Thank you very much, Ms. Skiles. Are there any questions from the committee? Seeing none, thank you very much for being here. Good afternoon.

ANDREW DUNKLEY: Good afternoon. Chairwoman Slama and members of the Banking Committee, my name is Andrew Dunkley, A-n-d-r-e-w D-u-n-k-l-e-y. I am with the Nebraska Farm Bureau. And I am here today on behalf of the Farm Bureau, but specifically a, a, a member of ours from Loup County, Loup County up in Taylor, her name is Jolene Dunbar. [RECORDER MALFUNCTION]-- the letter that is being handed out to you now. Of course, Taylor is a ways away, and they've been having way more snow than we have, so she, she couldn't make the drive. But I, I wanted to outline a couple of things in this, this letter in support of LB515. I first spoke with Jolene at an annual meeting up Loup, Garfield County Farm Bureau annual meeting last September. She was speaking to me about rural workforce housing. And, and I said, hey, there are, there are grants that were-- that were passed this last session and you should apply. And the response was, we would love to, but we do not have manpower to apply for those grants. And, and Jolene and her-- and others that are involved in the community are spread very thin. And so I-- we saw this bill and we reached out to Senator Walz's office and saw an opportunity there. So I want to, want to read this, this portion from the letter. An economic direct-- director would help the Loup County commissioners, the village of Taylor, Loup County public school, business owners, farmers, ranchers and

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volunteers navigate grant and government programs. Often, a grant or rural development program is found to help remedy issues, but the same people are on multiple boards within the county and are stretched thin with time to-- time and energy to apply or direct such projects. This bill would grant them the opportunity to open a position to fill that need for the entire area. After personally talking to Loup County residents about-- and this is Jolene speaking-- Loup County residents about this bill, prior to writing this letter, I found that there are at least three grant opportunities for our area currently not being applied for because no one had the time, energy or knowledge to follow through with them. So this would be very, very valuable. We will suggest one change that-- on how this is administered currently and how it's written. The, the dollars would go to a nonprofit EDC within the county or the, or the regional economic development corporation or nonprofit. We would suggest that, that you consider the funding flow through individual counties for those that do not have a nonprofit EDC. There are many counties like, like Loup, Garfield in the western part of the state, especially, that, that don't have those available. But with that, I'll, I'll shut up and answer any questions you may have.

SLAMA: Thank you very much, Mr. Dunkley. Are there any questions for the-- from the committee? Yes, Senator Dungan.

DUNGAN: Thank you, Chair Slama. So can you speak a little bit more about that proposed change, or I guess the, the change that you would strongly encourage? Can you go into a bit more detail about why you would want to see that or what that exactly means?

ANDREW DUNKLEY: Yeah. And in speaking with, with the Senator's office, what I understand the bill is currently written to where would the-- where dollars, grant dollars would flow through a nonprofit EDC, or if one doesn't exist, through the regional EDC. Obviously, Nebraska has those regional EDCs. On the county level, in discussions with, with our members, we believe that it would be a bit more individualized and they would be able to hire a direct county, county person for that. In-- that would obviously be valuable in Loup County, like this example. But, you know, things come to mind where there, there's going to be counties out there: Hooker, Hooker County, Dundy County, where there are, there are not these, these, these nonprofits. And I know from experience too, the regional EDCs can be stretched pretty thin as well and with they have a whole, whole bunch of counties in their area that they're trying to, to focus on. We'd like to funding-- the

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funding is there in the bill. We believe it would be best put going to individual counties.

DUNGAN: But even if the language of the bill remained-- sorry, even if the language of the bill remained what it currently is, Loup County would be able to be served by other EDCs in the area. Do you know how close the nearest EDC is?

ANDREW DUNKLEY: Oh, I don't. I'm not a-- I don't. I, I'm sure there's-- there might be someone in the room that, that is familiar with the regional EDCs, but I'm sorry, I don't.

DUNGAN: OK. Thank you, I appreciate it.

SLAMA: Thank you, Senator Dungan. Any other questions from the committee? Seeing none, thank you very much, Mr. Dunkley.

ANDREW DUNKLEY: Thank you.

SLAMA: All right, additional proponents for LB515.

_____ : Just to get to the front row.

REBECCA JOHNSON: Hello.

SLAMA: Good afternoon.

REBECCA JOHNSON: My name is Rebecca Johnson, and that is spelled R-e-b-e-c-c-a J-o-h-n-s-o-n. Good afternoon, Senators, Senator Slama. I am a lifelong resident of Nemaha County and Legislative District 1, and I serve as the director of rural partnerships at AECOM, a digital agency with offices in Auburn and Lincoln. I'm here to testify in favor of LB515, because for the past three years in my role, I have seen firsthand the great capacity gap we need to fill in economic development for our rural communities. In 2020, AECOM created what would become the Rural Impact Fellowship to address this capacity directly. We partnered with the national service organization Lead for America to place AmeriCorps fellows across our great state, specifically to work in communities and economic development. Our goal is to add capacity where it's needed most and create talent retention opportunities to build a sustainable path back to those rural communities for our state's brightest young leaders. The Rural Impact Fellowship, previously operating-- operated as Lead for America-- Lead for Nebraska, sorry, has added capacity in every iteration of economic development in communities across the state like Valentine, Auburn,

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Holdrege, Norfolk, as well as southeast and south-central regions of Nebraska. Our fellows, in their first two years of the program, seven of them are serving in total, have served in full-time capacities that have brought literally millions of dollars and countless hours of impact to the regions and communities that they serve. They are expanding broadband infrastructure to thousands of homes in southeast Nebraska. They're doing skill building, digital skill building, digital literacy, things like creating a fabrication ag makerspace. They are truly living the mission of capacity building. While all this is great and transformational, the fact always remains there is more need. On average, we have had three times the number of placement host opportunities than applicants to our fellowship program. So put that another way. These vibrant rural communities are frankly in dire need of economic development strategies and practitioners to lead a pursue-- and pursue a multi-pronged growth approach, one that doesn't simply look at a single industry as a solution. They need a tactical expert who can and will give the community the lifeblood it needs to exist in a modern digital economy. When we discussed this program with local practitioners, they all expressed the tremendous need to supplement staff and resources. And in most communities like those targeted in this bill, there is no one person focused or employed full time with the mission of economic development. Some may have a volunteer board or a passionate individual. And at times before our fellowship existed, our company, a marketing firm, had found themselves functioning as an economic development consultant for clients of this nature. Funding dedicated to economic development, like in LB515, will give those who make our state great and those who volunteer their time and talent a much-needed point person for a positive path to move rural communities to growth. Thank you, and I hope that you support this bill.

SLAMA: Thank you, Ms. Johnson. Always appreciate it when we've got District 1 representation on the BCI Committee.

REBECCA JOHNSON: You've got quite a bit today.

SLAMA: Heck, yeah. I'm seeing a lot of friendly faces. Any questions from the committee? Seeing none, thank you very much. Good afternoon, Ms. Dunekacke.

CRYSTAL DUNEKACKE: Good afternoon. Good afternoon, Senator Slama and members of the Banking, Commerce and Insurance Committee. My name is Crystal Dunekacke, C-r-y-s-t-a-l D-u-n-e-k-a-c-k-e, I'm here to testify in support of LB515 representing the city of Auburn, Auburn

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Development Counsel, Inc. and the Nebraska Economic Developers Association or NEDA. I'm the city administrator and economic developer for the city of Auburn. Auburn is a city of the second class with 3,470 residents in Nemaha County in southeast Nebraska. In my current role for the city of Auburn, my position is only partially focused on economic development in addition to my duties as a city administrator. Therefore making me the only paid economic developer in Nemaha County. Nemaha County is home to over 7,000 people, including two cities second class, Auburn and Peru, and six villages. Located along Highway 75 and near I-29, Auburn's location is advantageous to the manufacturing facilities in our community. Peru State College and NPPD's Cooper Nuclear Station are also located in Nemaha County. The village of Brownville, with its unique history and cultural heritage, make Nemaha County a regional tourist destination. These factors, combined with a high-quality education provided by Auburn Public Schools and excellent health care provided by Nemaha County Hospital, make Nemaha County a great place to start a business and raise a family. Even with these resources, economic development is tough for Auburn and Nemaha County. Auburn Development Counsel is a 501(c)(3) nonprofit dedicated to the growth in Nemaha County. This organization is supported by an all volunteer board. They own 23 acres of industrial site that they're planning to market for potential uses, such as value-added agriculture, light manufacturing and warehousing. The organization has no staff and has had only limited opportunities to utilize the fellows from the Rural Futures Institute and a Lead for Nebraska Americorp fellow to focus on specific projects. As Ms. Johnson mentioned, broadband is our most recent endeavor. This puts Auburn and Nemaha County as a dis-- at a disadvantage as we try to compete for economic development projects and dollars. My story is not unique and could be repeated for many counties in Nebraska. My knowledge of rural economic development is based on ten years of experience as a grant writer and administrator for the Southeast Nebraska Development District or SENDD in my region. I've also served for eight years as an elected official, as both a mayor and city councilmember for the city of Humboldt, Nebraska, my hometown. During this time, I saw the advantage that rural communities with paid economic development staff had over those communities without. Many cities of the second class have limited municipal staff that try to manage economic opportunities as they come available, but often rely on their development districts for regional support as well. Many villages also fall into that same category as they may only have a part-time village staff that is just to staff the village, take minutes of the, the council meetings and take the agendas and that

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sort of thing. Economic development of cities of the second class and villages are tough work. With the city of Auburn, we do have some limited financial tools available, including tax increment financing that might be able to provide a support for a small number of businesses. But for those villages nearby, like Johnson and Brownville, options are even more limited. We believe that Nebraska is missing out on the economic growth that these communities can provide for business startups or to ask for businesses to remain here in Nebraska. So we know that we provide the good life, we'd like to have the resources to be able to share that story with potential businesses and their employees, that Nebraska is a great place to invest. Thank you.

SLAMA: Thank you very much. Ms. Dunekacke. Are there any questions from the committee? Seeing none, thank you so much for being here and for your work for Auburn.

CRYSTAL DUNEKACKE: Thanks.

SLAMA: Appreciate it. Good afternoon.

JOHN HLADIK: Good afternoon, Chair Slama, members of the committee. My name is John Hladik, that's J-o-h-n H-l-a-d-i-k, and I'm testifying on behalf of the Center for Rural Affairs. And I want to start by recognizing earlier testimony that recommended that counties be eligible to apply. I think that was our intent during drafting, and we take full responsibility if that is unclear and would absolutely support an effort to make that even more clear. But I agree that is very important, especially in the central and western parts of our state. We had a lot of love for the city of Lincoln earlier, and I do appreciate this fine town. But I want to advocate for rural communities for a moment, if I can. During the pandemic, a lot of people relocated, and a lot of people chose to leave cities. And a lot of them ended up in suburban areas. And that's in part because our rural communities weren't necessarily ready. And this bill is about making sure that Nebraska's rural communities are ready for that next wave of relocation. You know, anyone listening to the national news knows that remote work opportunities, frustration with some of our urban schools and persistent crime are some of the reasons why a growing number of Americans are again looking to leave the urban centers. And we think a coordinated economic development effort can help ensure our rural communities are ready this time around. Ultimately, we think this is a proposal that will pay for itself. Page 2, line 27 includes identifying and applying for economic development

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grants among the activities to be used-- undertaken using grant funds. And according to the National Association of Counties, the Inflation Reduction Act and Bipartisan Infrastructure Law combined created, by my count, at least 43 competitive grant programs for which counties are eligible. So combined, these 43 competitive grant programs, many of them are brand new, make more than \$160 billion of competitive grant funding available now to counties that wasn't necessarily there before. That money is only going to go to counties that submit winning proposals. Again, this is competitive. And typically this is the type of situation that rural counties lose out on. And that's because we don't have the economic development support that more urban or suburban counties can rely on. Rural counties, by and large, do not have a grant writer on staff or anyone that's specifically dedicated to seeking out grant funding opportunities. And the two packets I brought with me today summarize these 43 programs, and I can't go through them all. You guys have had a long day of hearings, I know, but I do want to highlight a few. And I'll choose the Bipartisan Infrastructure Law packet to do that. So the first on page 1 makes grants available under the INFRA program to improve highways and bridges. Thirty percent of those funds are specifically devoted to small projects in rural areas. The new Rural Surface Transportation Grant program on page 3 makes \$2 billion available for similar purposes, all for rural areas. On page 6, the new Rural Assistance Program makes at least \$10 million of financial, technical and legal assistance available to counties for development-phase activities. And skipping all the way to the end on page 12, you'll find that more than \$2 billion is available through two new competitive grant programs for counties looking to expand broadband in rural areas. Somewhere in the United States of America, counties are going to receive this money. And so if we want those counties to be those located here in Nebraska, we have to consider how we can provide the help and support that some of our rural counties are going to need to succeed. And we think LB515 is a step in that direction. And I thank you for your time. I would be glad to answer any questions.

JACOBSON: Thank you. Questions from the committee? Yes, Senator Dungan.

DUNGAN: Thank you, Vice Chair Jacobson. And thank you, Mr. Hladik. I know we've spoken before a couple of times, I think, about some of the developments and the interesting things we've seen in central and western Nebraska. I think I talked to you one time about I do a thing every year called the Tour de Nebraska, where I get on a bike and ride around in different parts of the state. And I've been consistently

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blown away and impressed by the infrastructure that I see in a lot of these smaller towns. Our ride is about 500 riders every year, and we go into small towns that sometimes have less population than there are riders. And it's amazing to see the towns open up. And what I find particularly important for folks like myself who are born and raised in Lincoln, is it gives you an opportunity to see other parts of the state and see the importance of investing in these areas. One town that sticks out in my mind on a regular basis is Ord, Nebraska. We've gone through Ord two or three times, maybe, in the six or seven years that I've been doing this. And I'm often struck by not just the restaurants that have popped up there, but there's breweries. There is a, I think also a theater called the Golden Husk, I think is out there. So they started to develop this cultural district essentially. So I've seen examples of that. Can you point to or do you have any other examples just in your experience of more rural areas or counties that have benefited from grants like these before and what they've done with them and sort of the benefits they've seen to their local areas, both for the folks who live there, but also from a tourist perspective and bringing people from eastern Nebraska to those areas?

JOHN HLADIK: Absolutely. And you're exactly right, the state is full of wonderful highlights that, that are such a treat to be able to witness. Broken Bow comes to mind, West Point comes to mind. The small city of Tekamah right now is going-- undergoing a tremendous amount of rejuvenation. And it's just an absolute treat to see. And I think that the opportunity is just right around the corner for us. Again, this is the ready act. We need to be ready for this. A lot of people were looking for new housing and it wasn't there. Part of this bill is to help prepare housing. A lot of people were looking for a place to start a new business in a rural area, but the Internet connectivity wasn't there. This bill is to get that connectivity in place. We need to be ready for some of these opportunities to turn them into those great examples, and I really appreciate you pointing them out.

DUNGAN: Thank you.

JACOBSON: Further questions from the committee? All right, seeing none, thank you for your testimony.

JOHN HLADIK: Thank you, sir.

JACOBSON: Additional proponents.

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LYNN REX: Senator Jacobson, members of the committee, my name is Lynn Rex, L-y-n-n R-e-x, representing the League of Nebraska Municipalities. We're here in support of this bill because we think it can help our smaller cities and villages. I think there are several important distinctions in terms of how state funds can be used for this, because these are services being provided. Just like the state of Nebraska will get funds for services to help folks with special needs or whatever else it is. These are districts that are going to be providing important services to our communities to help them with economic development. And one of the things that I think you all know is that municipalities in this state are subject not just to a lid on restricted funds of 2.5 percent plus 1 percent of a supermajority vote or what they spent the prior year. So you have a lid on restricted funds. In addition to that, you have a levy cap. So you have these two caps competing. We have 529 cities and villages in the state of Nebraska. Of those, half of them were up against their maximum levy limit of 45 plus 5. Half of those cannot even levy what they need to get to the 2.5 percent of spending. So that's why this bill becomes so important in economic development, because these are folks that will be able to help them when they can't afford a full-time economic development staff. They can't afford that. So whereas our first-class cities, as you know, in Grand Island, they have a lots of capacity that a smaller municipality would not have. Earlier in the testimony, there was a reference to LB840 plans. And that's important because you're going to be hearing on this committee and on other committees a lot about LB840 plans. It was noted that, oh my gosh, this city with an LB840 did all these things. An LB840 plan means a plan that has been voter-approved, a local economic development plan. That was done back in 1990 when the voters in Nebraska approved LR11CA, which is an exception to the prohibition against lending any credit to the state. That's why those municipalities that have adopted a LB840 plan, they're able to do some really neat things. For example, you'll note in Blair, Nebraska, they've been able to do certain things for their businesses up and down, awnings up and down their main street. Things that they couldn't do because a city just can't use public funds. The state can't just use public funds for somebody else. I mean, you can do it to help them with services, but we can't buy that bank for you. We can't build that bank for you in North Platte. But there are things that can be done with an LB840. So the state Legislature has been very gracious in putting on the ballot what was LR11CA. It's called LB840 because that was Governor Ben Nelson's first economic development propos-- proposal and the bill number is LB840. So since that very time since [INAUDIBLE] called LB840 plans. So in any event, this bill

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is really important. It helps our smaller communities. Of the 529 cities and villages, you have five classes of municipalities, five forms of government. With respect to Lincoln, the metropolitan-- primary class. Omaha, metropolitan class. Thirty-one cities of the first class, population 5,000 and up. There are 380 villages. On paper, 100 to 800, but really a lot of them are below even 100. And everybody else is a city of the second class. So this bill will go a long way to provide assistance to them, because they don't have the funds to have an economic development to provide those types of services. Because again, the focus being on services. That's what this will do and we appreciate that. And we appreciate Senator Walz introducing this bill. I'm happy to respond to any questions that you might have.

JACOBSON: Questions from the committee? Seeing none, thank you for your testimony.

LYNN REX: Thanks so much. Appreciate your time today.

JACOBSON: Further proponents. Further proponents. Seeing none, anyone wishing to speak in opposition to this bill? Seeing none, anyone wishing to speak in a neutral capacity? All right, seeing none, Senator Walz, would you like to close?

WALZ: Aren't you guys excited? So I was raised in a small town. Actually, it was not even a small town, it was a village. It was a place called Fontanelle, it's kind of close to Nickerson, so I'm really passionate about preserving our small towns and our small villages. They're beautiful and they're full of history. So again, I'm really excited about the opportunity we have to put people in place, to put people in place to implement programs that will enhance economic development, enhance housing, healthcare, broadband and more across our state. This, I believe, is a significant step toward just changing that population shift that's on the maps in front of you. So with that, I'd take any other questions.

JACOBSON: Thank you, Senator Walz. Further questions for Senator Walz? If not, I just do want to thank you for bringing this bill and, and for bringing the map. I think McPherson County is part of my district, so it's the, it's the red county for those that are wondering.

WALZ: Yeah.

JACOBSON: Thank you again for bringing the bill.

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WALZ: Yes, you're welcome. Thanks, you guys.

JACOBSON: There are seven letters, all for positive letters, proponents for the record as well. And with that, we'll close the hearing on LB515 and we'll move to a public hearing on LB58, Senator Moser. Welcome, Senator Moser.

MOSER: Good afternoon. Thank you, Vice Chair. I appreciate the opportunity to speak to the committee today about LB582. For the record, my name is Mike Moser, M-i-k-e M-o-s-e-r, I represent District, District 22, which consists of Platte County and parts of Stanton County. LB582, the Manufacturing Modernization Pilot Investment Act, is being introduced at the behest of the Nebraska Chamber of Commerce. The purpose of the bill is to create a one-year pilot program to help Nebraska's manufacturers, large and small, and thereby unleashing growth in one of the Nebraska's largest GDP-driving sectors. The program offers a one-time one to one match grant, 50/50, available to manufacturers who have been established at least three years and employ at least three full-time employees. Manufacturers may apply for up to \$250,000 in funding for smart technology enhancements, including software or equipment to improve productivity, efficiency and competitiveness. The Manufacturing Modernization Pilot Investment Fund would be created and administered by the Department of Economic Development. Although there is an amount here that would limit the amount of the grant, they aren't requesting money as part of the bill. They're looking for advice from the Banking Committee to see how you feel about the plan and what they're trying to accomplish with the plan. And should there be funding, I'm certain that the Chamber of Commerce would be receptive to that. But they didn't want to come in and taking funding for granted, because I think even though we have a lot of money, I think that we've got quite a bit of it committed already so. You know, we have LB775 funds and we've got tax credit programs. Those work primarily for the bigger manufacturers. This would give a direct grant to help buy equipment. In the other instance, you have to buy the equipment, qualify, you have to increase the number of employees. The, the threshold is much higher. So this is a more doable program for some of the smaller manufacturers. Michael John [SIC-- Johnson], the COO and executive vice president of the Nebraska Chamber of Commerce, will be following me and he will be explaining how they developed the program. And I would be able-- I would be happy to answer any questions that I am able.

SLAMA: Thank you, Senator Moser. Are there any questions from the committee? Yes, Senator von Gillern.

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VON GILLERN: Yes. Senator Moser, if you could help me out, I'm just looking at the fiscal note. Looks like the fiscal note was only prepared to discuss the administration. As you mentioned, there were no funds being requested. So the note only addresses the administration should the funds be allocated, correct?

MOSER: Right.

VON GILLERN: OK, thank you.

MOSER: Yes.

SLAMA: Thank you, Senator von Gillern. Other committee questions? Seeing none, thank you very much, Senator Moser.

MOSER: Aren't you guys sweet? I thought since it was me, I'd get all kinds of stuff. [LAUGHTER]

SLAMA: We're the friendly committee. Good afternoon.

MICHAEL JOHNSON: Good afternoon, Madam Chair and members of the committee. Thank you for this opportunity. My name is Michael Johnson, Michael Johnson, I'm Chief Operating Officer of the Nebraska Chamber of Commerce and I also lead our manufacturing alliance. I'm also here on behalf of the Nebraska Economic Developers Association, the Greater Omaha Chamber and the Lincoln Chamber. Senator Moser introduced this bill, it would be-- is designed to provide a one to one matching grant fund for manufacturers in the adoption of, of advanced manufacturing practices. OK, think things like robots, cobots, material handling systems, programming software, things of that nature. According to the Nebraska Department of Labor, manufacturing is the largest GDP industry sector in Nebraska. This includes ag manufacturing, includes manufacturing across the state, large and small. That industry sector produces over \$16 billion of GDP in Nebraska annually. There are over 100,000 people employed in manufacturing in Nebraska, there are over 2,000 employers in manufacturing in Nebraska across the state. There are also over 6,000 positions open on networks.gov for Nebraska manufacturers. And we know that many of these positions are posted for welder, hire 10; posted for machinist, hire 10. So we speculate with our, with our members that we might be talking closer to 10,000 open positions in manufacturing. This is 10 percent of the workforce in manufacturing, 10 percent of the GDP of manufacturing left on the table is \$1.5 billion annually. If you go back to that 6,000 number, 6 percent, it's still a billion. So what we're looking to do here is I'm

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a former manufacturer myself. One of the levers that you can pull in, in a situation where hiring is scarce is advanced manufacturing, increasing productivity with the same amount of folks that you've got. Personal experience, our members' experience, even studies have shown that when you adopt these practices, the work becomes more interesting. People gain skills, productivity improves, pay improves. These are all things that are good for Nebraska as a state or good for its people. And we believe that while there isn't a grant pool set in the bill, we'd be interested in working with the committee to define what that should be. But there's a real ROI to these projects. Manufacturers, you know, requiring the match would, would be incentivized to have that payback. So we believe that it's, that it's just a great program. We've benchmarked with some other states, with our members in developing it. And we'd be really excited to work with the committee on finding something that works best for Nebraska. Thank you.

SLAMA: Thank you very much, Mr. Johnson. Are there any questions from the committee? Senator Kauth.

KAUTH: Thank you, Senator Slama. So when you talk about automation, is that AI as well? And so the jobs that would need to support those would be, would also be growing that sector? I'm thinking computer programmers.

MICHAEL JOHNSON: Yes, I think so.

KAUTH: Extra growth.

MICHAEL JOHNSON: I mean, this can be, you know, a pretty big subject matter if you start talking about AI. But generally speaking, it's, you know, software would be included in something like this. And when I say software, yes, programming; yes, AI. And so I'm not sure the rest of your question, but are there positions--

KAUTH: Just wondering what other-- so I mean, it will help manufacturing, but there are going to be tangential businesses and industries--

MICHAEL JOHNSON: Yeah.

KAUTH: --that are going to grow because of it. [INAUDIBLE]

MICHAEL JOHNSON: Great-- yeah, great question. So in some of the-- I didn't put all this into my testimony for you, but in some of the

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research I was doing, there's a-- manufacturing has been shown to have the highest multiplier effect by industry sector. So to answer your question, anywhere from 1.92 to a 2.6 X for every dollar of manufacturing effect is, is seen locally to that manufacturer. For instance, Kawasaki, in their testimony, has said that they work with over 250 Nebraska companies for goods or services to help run their factory here just outside of Lincoln. So the multiplier effect is real.

KAUTH: Thank you.

SLAMA: Thank you, Senator Kauth. Additional committee questions?
Senator Ballard.

BALLARD: Thank you, Chair Slama. Thanks for being here, Mr. Johnson.

MICHAEL JOHNSON: Thank you.

BALLARD: You mentioned benchmarking in your testimony. When looking at states around the country, where does Nebraska stack up as far as investing in manufacturing from both the private and state level?

MICHAEL JOHNSON: Yeah. OK, good question. I'm going to answer this in two ways because you said private and state. Looking at public funds, we, we found about a dozen other states that are, you know, using state dollars to help incentivize manufacturers for this type of investment. We benchmarked our program off of mainly Indiana. They had a great program that, that we used a lot of their, their stuff from. It just seemed to make the most sense for us for, for Nebraska. On the, on the private side, going back to the blueprint report, Nebraska was identified as lagging the U.S. when it comes to adopting advanced manufacturing. And so that's, that's another impetus to it, it-- Nebraska, we're the, we're the highest participation rate, we're a get-it-done society. And I think that that has sort of led to we don't need that investment, we'll just do it by blood, sweat and tears. And I think that it's led to us being behind advanced manufacturing when compared to the rest of the country. So there are some other states all across the nation, whether it's the West Coast, other Midwest states. We found about a dozen that are doing things like this and benchmarked with them.

BALLARD: Perfect. Thank you.

MICHAEL JOHNSON: Yeah.

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SLAMA: Thank you, Senator Ballard. Additional? Senator Dungan.

DUNGAN: Thank you, Chair Slama. Just reviewing this, and maybe you mentioned this, I apologize--

MICHAEL JOHNSON: Sure.

DUNGAN: --I was also awaiting the bill while you were talking. Is there a reason for the limit being \$250,000? Is that par for the course across the spectrum, or was that determined by any benchmark or any reason?

MICHAEL JOHNSON: Yeah, great question. And different states will use different methods. We decided that 250 was a great lubricating effort, that you'd get a sizable project. And, you know, the thing is here, it's a pilot program. Our effort is to get to a number of projects, not necessarily match total investment. And this is just the, you know, to be truthful, we're trying to really make a difference in manufacturers across the state. And if we had that cap be really high or we didn't have a cap, we'd be worried that some of the largest companies who are probably already adopting these technologies would be really ready to, to make the application and would eat up the funds. So we provided a \$250,000 limit. I, I'd have to go back and answer your question whether that's something that came out of one of the other states or if we aligned on that ourselves. But it seemed also as a gut check that you could get a pretty sophisticated project done, even as a small manufacturer.

DUNGAN: And the \$250,000 that's from the actual grant, that would be matched then by an additional \$250,000?

MICHAEL JOHNSON: Yeah. So the minimum total project that would get the most state benefit would be a \$500,000 project requiring half coming from private, half coming from the match program. Yeah.

DUNGAN: Got it. Thank you.

SLAMA: Thank you, Senator Dungan, Additional committee questions? Seeing none, thank you, Mr. Johnson.

MICHAEL JOHNSON: Thank you. And I've got some materials that do lay out that Indiana program here. I'll have this [INAUDIBLE]

SLAMA: Thank you very much.

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ANWAR RIDA: Thank you.

SLAMA: Good afternoon.

ANWAR RIDA: Afternoon. Madam Chair Slama, members of committee, my name is Anwar Rida, Anwar Rida. I am the president of TMCO based in Lincoln. I'm here today on behalf of Nebraska Chamber of Commerce in support of LB582. TMCO is a full-service contract metal manufacturing established in 1974. One-man operation. And now we have a team of more than 230 employees and more than 300,000 square feet of manufacturing facility. TMCO currently ranks at number 32 on the FAB 40 list of the largest fabrication operation in the United States. TMCO produce about 150,000 individual parts per month. They are forming, welding, finishing and assembly. So we get to the problem right now, the skilled labor shortage. The biggest challenge that we have facing today. The solution to a labor shortage is investing in automation and smart technology. The question is going to come, what is the advantage of the automation? So the number I give it to you is not from Google or, or YouTube, those numbers coming out from the company and they are on the page number 3 and number 4. You have it. Increase the labor productivity 40 to 50 percent, reduce manufacturing lead time 30 to 40 percent; reduce labor cost 30 to 40 percent, reduce human error, better product quality, increase customer satisfaction. And the most important one, increase workplace safety. One of the biggest misconception about the automation of technology is that eliminate jobs. That's not true. Actually, it's create a new position that involve more high-level work. During the pandemic, the company was running at full speed due to the investment in the automation and smart technology. On the paper, you see a number three and number four, '22 and 20-- 2021 was record for the company, and you can see it on the also page number 4, I put the years of the purchase of the machines. And on page number 3, you will see a graphic, how that helped from purchasing the automation and the new technology with the issues now we have with the labor, especially in Nebraska, 2.6 percent unemployment. So this bill will help small business to grow and will provide a positive economic impact in the state of Nebraska. I'm available for any question you have.

SLAMA: Thank you, Mr. Rida. Any questions from the committee? Seeing none, thank you so much for being here this afternoon.

ANWAR RIDA: Thank you for the opportunity.

SLAMA: Thank you.

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KEITH MANDACHIT: Good afternoon.

SLAMA: Good afternoon.

KEITH MANDACHIT: Chair Slama, Senators, thank you for your time. My name is Keith Mandachit, K-e-i-t-h M-a-n-d-a-c-h-i-t, I'm the engineering manager for Huffman Engineering here in Lincoln, Nebraska. I'm here to testify in support of LB582. So Huffman Engineering has been in business for 35 years. And we're, you know, Senator Kauth had one of those questions of what other companies would be affected by this. We are one of those companies. So we, our business is automating and improving and helping manufacturing companies. So yeah, we just help them design, implement, install automation systems. So we help them with this very topic. I spent 27 years of my engineering career right here with Huffman Engineering, working with companies across the state of Nebraska do this very thing. So this bill is about modernizing and automating. So I'm trying to help you guys understand why this is needed. So one of the customers that I work with, they are a manufacturer of automotive products. One of their customers is a, is one of the top major automotive manufacturers in the country. They are being asked to, you know, provide more quality inspections on the products that they make, this requires automation, they can't do this manually. So this bill would help them implement these required updates to their systems and help them keep that business here in Nebraska. You know, the alternative is that they don't do this, they're going to go find some other company to do this for them. And that could mean leaving the state of Nebraska. Another customer that we do work with, they are a major pharmaceutical. You know, there, there have been-- they've been in business for a long time here in Nebraska. And there are many products that are made with this company and many are made here in Lincoln. There are other facilities with those global manufacturers. So what makes the Lincoln facility, the Nebraska facility, attractive to the global pharmaceutical? Well, we have, we have land. We have plenty of land to expand. Many, many facilities are-- don't have that luxury. We have a workforce that can support it. And then this bill would help those companies, this pharmaceutical add to their production system, so they could add more technology to support more products that they could bring to the facility here. Just this, this would help them. Let's see. Sorry. So another reason why do these companies need to modernize? So many of these, you know, we engineer these systems to last a long time. You know, I have a refrigerator at home and I've had it for 25 years. So my mentality is, if it's not broke, don't fix it. These manufacturing companies can't take that mentality. You know, they-- a lot of these

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systems are 20, 30 years old and they're susceptible cybersecurity. The technology needs to be updated. This bill will help fund updating that technology. So modernizing and automating doesn't come free, so this bill gives a company the kick start that they might need to take that leap to prepare for the, for today and the future. It's an investment in the state and, and to see a great return on the-- for one of the biggest contributors that Mike mentioned to the state of Nebraska in the GDP. So happy to take any questions.

SLAMA: Thank you very much, Mr. Mandachit. Are there any questions from the committee? Seeing none, thank you so much for being here.

KEITH MANDACHIT: Thank you.

SLAMA: Good afternoon.

AL BUSBOOM: Good afternoon. My name is Al Busboom, A-l B-u-s-b-o-o-m, I'm with Behlen Manufacturing in Columbus, Nebraska. Behlen is a family-owned company that's been in existence since 1936. So homegrown right in Columbus has grown into a large supplier of a variety of products. Farming and ranch is our biggest one, that is gates, tanks, corrals, farm equipment-type things, small farm. We also do building construction. So we do the metal for any kind of commercial building, be it beams and the girders and things like that. We also do custom fabrication. So grout helicals for like support works, basement supports, things like that. Brackets for cell towers, pole reinforcers for utility lines. So it gives you an idea of what we do as a company in Columbus. We're over 1,000 people in employment, 700 of which are in Columbus, 400 of those are within the manufacturing shop. We're about 900,000 square foot footprint in Columbus alone. We're large manufacturer. We have the same problem everybody else has: we've got a lack of labor, we have turnover. We're an old company with old technology. We recognize we need to change to keep up and be competitive. Our turnover is roughly 25 percent annually. It's a lot of hard work, it's manual labor, it's things like that. We have a little bit of robotics, we're looking to try to expand on that. But more than just the operation itself, our building needs to be smart. Right now, we consume a lot of natural gas, a lot of power, a lot of that kind of thing. And we are looking at software that will make our factory smart, the building itself. So we'll know what our peak power consumptions are, what our gas consumptions are, things like that. Along with that, we will be able to tie our equipment to that so that we'll have the ability to add the technology and the sensors that say we are running this equipment or not running this equipment. This has

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broken down. So we'll have that ability to be able to manage our process much better. Another big thing that we fight a lot about in our business is material handling. So if you can imagine a 60-foot beam that weighs 5,000 pounds, we have to move that. A lot of people wait for material to be moved. We're looking into software that's available today that can scan that facility and then simulate material flow through there. It can show people, it can show the product, it can show the, the forklifts, the cranes, the whole nine yards in a simulation mode on a computer to help us understand how to lay our factory out better so we're more productive and more efficient and safer. So those are examples of the things that this bill would help us enhance. We know we have to do this. We're finding ways to try to do as much as we can with what we have, but anything we can do to add to that will help us.

SLAMA: Thank you very much. Mr. Busboom.

AL BUSBOOM: I'll take questions.

SLAMA: Are there any questions from the committee? Seeing none, thank you so much for being here.

AL BUSBOOM: Thank you.

SLAMA: Good afternoon.

JEFF MORRIS: Good afternoon. Chair Slama and members of the committee, for the record, my name is Jeff Morris, J-e-f-f M-o-r-r-i-s. I'm the senior director for state government relations for Schneider Electric, North America. I'm going to start out talking about-- a little bit about Schneider here in the community. We have over 400 employees in Senator Bostar's district. We just celebrated 50 years. We're excited about that landmark here. Recently, we've invested in 2020, about \$20 million in expanding our workforce and onshoring more of our manufacturing into the United States. And I'm laying this out because we just announced recently we're going to be making another \$46 million investment to automate the facility here in Lincoln, as well as our plant in Lexington, Kentucky, which is one of the three most automated and sustainable plants in the world recognized by the World Economic Forum. I'm laying this groundwork because during the COVID crisis that happened, there was a lot more onshoring of workforce that was done during an exigent or an emergency situation. And now this bill is critically important and we're a big supporter of it because making those jobs sustainable for the long haul for the employees that

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were hired is just as critical to make sure that those jobs stay in these communities across the U.S. The, the day that a company stops investing in automation in its plant going forward is the day at that point is at risk for closure. And I think that's our big message here for day. We've been looking across the United States for some good examples of incentives around automation and, and digitization, which is what Schneider specializes in, being an energy management and automation company. And we've only seen two bills. And out of the two that are out there, this is by far the best of the two, and we really commend it to you to look into it further. When-- you've heard some from the previous testimony about what automation is, and some people think of robots and so forth, I think machine learning or AI was brought up. It's E, all the above. Ten years ago, you know, it took a computer programmer to program a robot to pick up something and move it somewhere. Now, for, you know, a reasonable amount of money, you program it by grabbing the arm and showing it what you want to grab. That's how far that that technology has advanced. When we go in and for a customer and, and automate their manufacturing as was mentioned, it's not just the manufacturing line, it's the entire building. The energy use, there's digital sensors put through the entire operation. Telemetry, whether it's wireless or fiber optics, to immediately, you know, transport data back and forth and to assemble it and make decisions on the edge. All that is part of a modern automated manufacturing operation and incentives that make the workforce operate that sustainable today, as well as 30 years from now, is, is really, I think, a keystone to economic success for a state going forward. So we commend the legislation here. As you look at any definitions too narrower-- too narrow what digital or automated is, we'd be happy to work with the bill's sponsor and the committee on that. And really commend the work of the chamber and the sponsor to bring this legislation forward. Happy to answer any questions.

SLAMA: Wonderful. Thank you very much, Mr. Morris. Are there any questions from, from the committee? Seeing none, thank you for being here today.

JEFF MORRIS: Thank you.

SLAMA: Good afternoon.

NICK CUSICK: Good afternoon, committee members, and thanks for the opportunity to speak on behalf of both myself and my manufacturing firm, which I'll give you a little bit of background on. But also on the-- behalf of the State Chamber. I am a State Chamber board member

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and on the State Chamber's manufacturing council. My name is Nick Cusick, N-i-c-k C-u-s-i-c-k, I'm cofounder, back in 1974, at the same time that TMCO, who spoke previously, was founded. I'm the CEO and a major shareholder of a privately held sports equipment manufacturer here in Lincoln. We employ currently about 100, 100 staff members and a variety of skill sets. We'd probably be employing about 120 or 125 if indeed there were those people available. Thus, kind of my testimony today and the-- in support of this bill. I founded, excuse me, I just-- we sell, we sell throughout the United States. We have about 750 dealers. We sell through dealers, we sell about 5 percent international sales. We have about 90 percent of our, of our content is domestically sourced. All our manufacturing is in Lincoln. And certainly we prioritize buying Nebraska materials and, and components. You'd find our products in probably your hometown high school basketball gymnasium or on the soccer or football fields. You would find us if you watched the Nebraska Husker men's or women's basketball program. The portable basketball systems are-- were made by Bison here in Lincoln. The Husker volleyball team plays on our carbon fiber volleyball polls. And five out of the 14 Big Ten basketball programs play on our equipment. And the reason I mention that, the other nine are manufactured by a company called Spalding, I can only believe you've heard of Spalding and the sporting goods. You may or may not know kind of as a side note, that Spalding Athletic is owned by Russ-- Russell Athletic. Russell Athletic is owned by Fruit of the Loom. Fruit of the Loom is owned by Berkshire Hathaway, Hathaway, so I like to tell my friends that I compete directly with Mr. Buffett down the, down the highway, which maybe is a little bit of a stretch. That being, that being said, you know, why do I support and why does the State Chamber support LB582? I think it's fairly obvious, other testifiers have talked about workforce. Myself, our company Bison, has cooperated with Kawasaki and TMCO here locally to form a Lincoln Manufacturing Council as an adjunct of the Lincoln Chamber of Commerce, the Lincoln Partnership for Economic Development. Our efforts there have not gone without some success. We've spent most of our time trying to get people involved in the manufacturing industry. We've spoken to high schools. We have classes for veterans, we have classes for recently incarcerated. Work release, work release-- people in the prison system. Immigrants and basically those people who are underdeployed-- are underemployed. So certainly we've spent a lot of time upskilling and getting people into manufacturing. And that being said, as I indicated earlier, you know, 120 employees would probably be our current, our current employment if they were available. Our sales were flat during COVID, surprisingly, given the fact that sports

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were pretty much closed down for a significant portion of COVID. Our sales remained flat. We did remain profitable. And in between 2021 and 2022, our sales actually grew about 25 percent and probably we walked away from 15 to 25 percent of additional sales growth to do two things: one, supply chain issues, of course, but also, also labor shortages. So, so, you know, so kind of what's the, what's the no-brainer? What's the, what's the simple case? I think technology has been indicated by other testifiers. Technology is a critical component, certainly not at the expense of hiring more employees when the opportunity presents itself, but upskilling, upskilling people that just an example. You were ask-- testifier was asked, Mike was asked about the \$250-- \$250,000 threshold. We just recently purchased a robot about \$100,000, it's a welding robot. We have about 15 welding people and about five openings in welding right now. And much of our product is welded, as you might envision. And, you know, with the assistance of the state, we could buy more robots, get more involved in robotic welding, and certainly have the, have the resources to, to actually implement the welding, but building the tooling and training the, training the staff. So I would certainly be happy to answer any questions.

SLAMA: Thank you very much. I appreciate it. Any committee questions? Seeing none--

NICK CUSICK: Thank you.

SLAMA: --thank you for being here today. Additional proponent testimony for LB582. Seeing none, any opponents to LB582? Seeing none, any neutral testifiers to LB582? All right, we'll wrap this up. Senator Moser, would you like to close?

MOSER: Sure.

SLAMA: And as you approach, I'm going to find the letters for the record here somewhere. We have seven proponent letters for the record for LB582. Ten. OK, I got those switched around. We have ten proponent letters for the record for LB582. Senator Moser to close.

MOSER: Well, thank you. I know you guys have had a long day, and I appreciate the opportunity to come testify before you today. I feel a little bit in awe of the other testifiers. They're all doing real stuff. We sit here and we think in kind of ethereal terms of what's right and wrong and what we want to do. They're actually building stuff. And, you know, Columbus has a really large manufacturing base

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for its size of town. We have Behlen Manufacturing, which makes a bunch of gentleman farmer type things, hay bale feeders and tanks and, and they're building the beams. When he was talking about beams, they're building a new field house next to the hospital in Columbus. You ought to drive by it, it's like huge. It's going to have, I think, multiple athletic fields within one building, clear span, huge beams. I don't know how large they are. But and Behlen does have some innovative manufacturing processes. They've got a C and C plasma cutter that I know of, and I wouldn't know all about that except that I go out there and pester them and try to buy scrap steel from them so I have stuff to build my little home projects and stuff. So I get there quite, quite often. Also, we have BD, which does medical manufacturing. They are very advanced also. They mold syringes and put needles in them, and then some of those syringes are actually filled with pharmaceuticals and sold preloaded so that healthcare people can just grab a syringe with insulin or whatever and administer that to a patient. And then Vishay Dale builds electronic components. You wouldn't think that there would be an electronic component manufacturer in a town, you know, the size of Columbus, but they build resistors, which they've made forever. Some of those have flown to the moon and back. Behlen's had a building that they built that they put into the proximity of a nuclear blast to see whether it would stand, and it kind of buckled the roof. They still have that building, if you want to see it. It's, it's, it's really cool. Vishay now is building precision shunts. And those are used in, well, like electric cars. And you know, how technological advances have affected the flow of electricity. These shunts let them measure electric current flow without having to run the whole current through the meter. They-- the shunt is a kind of a slight resistance in the path and they can read the voltage drop across the shunt and then decide how much current travels. One of my friends works there and he's always bragging about all these little parts that he's making there. It's, it's really cool. So also, they modeled this after a plan that they saw in Indiana. And the Indiana program, I think had a \$25 million appropriation. And they were bashful about coming in to ask for money because they know there are so many things that are important that we're already kind of committed to. But after listening to the testimony here, this is a huge sector of our business base in Nebraska, and I would be thrilled if the committee can think of an alternative way to fund this so that we can help this program work. This would, the way the bill is written now, start the program. But it really wouldn't do anything, you know, because there's no funding. So any other questions? I'd be glad to answer. I appreciate the opportunity.

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SLAMA: Thank you, Senator Moser. Any questions from the committee?

MOSEER: Nothing embarrassing or--

SLAMA: Consider yourself welcome to talk with us about shunts any day.

MOSEER: You can probably talk to some of those other guys, they could probably tell stories about--

SLAMA: Thank you, Senator Moser.

MOSEER: Thank you.

SLAMA: This brings to a close our hearing on LB582 and our hearings for the day. Thank you all.