

Transcript Prepared by Clerk of the Legislature Transcribers Office
Government, Military and Veterans Affairs Committee March 24, 2023

SANDERS: Welcome to the Government, Military and Veterans Affairs Committee. I am Rita Sanders. I am the Vice Chair. And we're going to get moving for today. We're going to take up the bills in the order posted on the agenda. 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. The committee members might come and go during the hearing. This is just part of our process. We have bills to introduce in other committees. I ask that you abide by the following procedures to better facilitate-- facilitate today's proceedings. Please silence or turn off your cell phones or electronic devices. Please move to the reserved chairs and to be ready to testify. These chair, these chairs on either side of each row, move forward. And if you can, don't go back to that chair. You can sit in the back or depart and let others move forward for their bill. Introducing senators will make the initial statement followed by proponents, then opponents and neutral testimony. Closing remarks are reserved for the introducing senator only. If you are planning to testify, please pick up the green sheet and have that filled out. It is on the table in the back of the room. Before you test-- and give the green sheet to the clerk before you testify. Please print your name on the form so we can read it. When it is your turn to testify, give the sign-in sheet to the clerk. This will help us make a more accurate public record. If you do not wish to testify today but you would like to record your name as being present here today at the hearing, there is a separate white sheet on the table in the back of the room that you can sign for that purpose. And this will be part of the official record of the hearing. If you have handouts with you, make sure you have 10 copies. Give them to the page when you come up to testify, and they will distribute the pages to the committee. If you do not have enough copies, the page will make sufficient copies for you. When you come up to testify, please speak clearly into the microphone, tell us your name, and then spell your first and last name for the record. We will be using the light system today for all testifiers. You will have five minutes for your initial remarks to the committee. When you see the yellow light, that means you have one minute remaining, and the red light indicates that your time is up. You will also probably hear an alarm today as well. And then questions will be asked of the committee if there are any questions. No display of support or opposition to the bill, vocal or otherwise, are allowed from the audience at a public hearing. The committee members that are here with us today will introduce themselves, starting on my left.

LOWE: John Lowe, District 37: Kearney, Gibbon and Shelton.

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HALLORAN: Good afternoon. Steve Halloran, District 33, which is Adams, Kearney and Phelps County.

SANDERS: And again, my name is Rita Sanders. I represent District 45, which is the Bellevue-Offutt community, and we hope we'll have a few other senators that will be joining us during the hearing. To my left is our legal counsel Dick Clark. And to my far left is committee clerk Julie Condon. And we have two pages with us today, if they would like to stand and introduce themselves.

AUDREY FLAKUS: Hi. My name is Audrey Flakus, and I'm a junior studying political science and criminal justice at UNL.

LOGAN WALSH: Hello. I'm Logan Walsh. I'm from Denver. I'm a freshman international, international business student at UNL.

SANDERS: Thank you. We'll now move on to our first bill of the afternoon, LB540. Senator Vargas, welcome.

VARGAS: Good afternoon, members of the Government and Military Affairs. Got a couple of things to hand out. I'm going to make sure that these separated [INAUDIBLE]. One, two, three. And shortly, I'll also have an amendment language that's just being printed out. It will come in here and then I'll hand that out as well. Senator Brewer, Senator Sanders, or Chair-- Vice Chairwoman Sanders, and members of the Government and Military and Veterans Affairs Committee. My name is Tony Vargas, T-o-n-y V-a-r-g-a-s. I represent District 7, which compromises and includes the communities of downtown and south Omaha. I bring to you a measure that has been a longstanding effort of mine during my career with this body, and it relates to ensure that basic provisions of employment law are obeyed and enforced. That is to say that employees get paid, taxes are paid, workers' compensation and unemployment insurance are paid. Some of you that have served on the Business and Labor community in the past or currently serve might have dealt with some of this aspect of law. Secondly, the expansion and development of apprenticeships are encouraged. We are embarking on the largest expenditure of public dollars for construction. We need to ensure the strict compliance with our existing laws are enforced and that we leverage this moment to expand the opportunities for the tried and true and most effective worker training programs, that apprenticeship is grown and that the critical need for skilled workforce for Nebraska is met. Thanks to the Legislature, the Nebraska Department of Labor produced an annual report on the extent of violations of labor law associated with the misclassification of workers. What you have in front of you are two of these annual

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reports. This is the 2019-20, 2021-22 that document the incidents of violations. And these violations actually-- sorry, the incidents in the annual report-- what you'll see in the report is the incidents of violations identified increased more than tenfold. Now, as a member of the Appropriations Committee, I can assure you that we are underfunded and understaffed in this activity. We have made progress in adding a multilingual investigator and have identified more instances of what is known as wage theft. However, a group in Iowa has done a more extensive study of this issue there and found that it is a far larger issue growing and is resulting in millions of dollars of impact in terms of dollars lost. LB540 amends the public letting law for public projects in excess of \$500,000 to ensure that contractors and subcontractors adhere to existing provisions of worker compensation law, unemployment insurance, Social Security taxes, state and federal tax withholding. All workers deserve to have payroll stubs showing their deductions and to actually get paid. These are not new laws, but they are ones that too often are avoided by some who choose not to obey it. Given the unprecedented amount of public contracting that is and will take place as a result of federal and state spending on infrastructure projects, we are confronted with a huge shortage of trained and skilled craftspeople. The apprenticeship model of education is one of the most successful tools that we have, and we need to set up our utilization of it further. LB540 and the amendment that will, that will follow includes an incentive for companies bidding on public contracts in excess of \$500,000 to utilize their public project contracts to provide apprenticeships for the trades as if they do-- and if they do, they would receive recognition of that through a bid flexibility consideration. Following me today will be representatives of Nebraska's skilled trades that can relate to you what is going on at the ground zero within our construction economy. Given that this is the last hearing of the day-- sorry-- the last hearing day of the year, I want you to know I want to work with the committee over the summer to develop and work on this proposal further. This is an exciting time, and we have an opportunity ensure a faithful enforcement of our labor laws and grow our skilled workforce so that we can keep our young people continuing to grow our state and, more importantly, making sure people get paid and this economy continues to grow. I think we have the amendment language for you as well. You also have a one-pager in front of you. I want to thank the committee. I know this is the last day, so thank you again for all the work that you've done. And again, my hope is to work on this between this year and next year. This is an important conversation, an important piece of policy. And I look forward for you hearing also from individuals behind me on how this affects the industry.

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SANDERS: Thank you, Senator Vargas, for bringing this bill forward. You mentioned it's a growing issue. Do you know what the cause-- root cause would be, why?

VARGAS: Root cause. My opinion is, like many of the laws that we have when we have consequences and there's clear follow-through and follow-up on things, people are much less likely to do things in most industries. And I'm not just talking about in terms of, you know, criminal activity. I'm talking about in any regulations that we currently have where it's enforced, this misclassification act has been on the books for years. But I think what is important is we continue to make sure that, that there is statute that allow-- that clarifies and clearly delineates what is expected when we're talking about the documentation that is necessary on any of these public projects and what that looks like for every single component contractors and subcontractors down the line. And then the second part of this is we, we have people doing it. It's just we should learn from the reports that we have why it's increased tenfold. I think this would, this would absolutely help that.

SANDERS: Thank you. Let's see if there are any questions. Are there any? Seeing none. You'll stay for closing?

VARGAS: That is my plan and my hope. We are introducing two final bills in Appropriations, but that's my plan.

SANDERS: OK. Thank you. Proponents, please. Welcome.

FELICIA HILTON: If I don't, I'll give them this one. Good afternoon. Thank you, Vice Chairman Sanders and members of the committee. My name is Felicia Hilton, F-e-l-i-c-i-a H-i-l-t-o-n, and I'm here representing North Central States Regional Council of Carpenters. The handout that you're receiving right now is a packet of information that I kind of put together on what is happening with payroll in the construction industry. So the first page kind of lays out the scheme of how payroll fraud on a construction project would work. And when we say payroll fraud, we're talking about projects that have workers working on them without payroll. And that means no state, federal deductions, no payroll taxes, no work comp, no unemployment insurance without payroll. So first, you'll see the first tier is the developers. The second tier will be the general contractor, who would pretty much bid the contract through the public entity. And then the second-- the third tier is the subcontractors, and that-- what we would call a second-tier contractor from the general contractors. So the second-tier contractors then sub out the work to labor brokers. So

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this is the tier of contracting that's off the books. So they sub out the work to the labor brokers. The labor brokers then bring workers to work on specific projects. So that's pretty much what we're trying to get to with LB540, Section 1, is making sure that at every tier that they're keeping payroll and that a public entity or political subdivision may request payroll if they feel they need to-- maybe there's too many change orders, something's going on. They should be able to ask for payroll is what we're, we're advocating. The second page is a story about a construction worker that fell here on 49th and Dodge out of a bucket truck, was electrocuted. The arc from the power line hit his bucket truck because the contractor didn't pay the \$800 to turn it off. He ended up falling four stories, was in the Lincoln burn unit for, I think, up to six months. And all of his healthcare was on the taxpayer when he should have had work comp. The second story is another scheme. This is something that happened in Des Moines where there was a contractor-- this is a housing contractor that had been classifying workers as independent contractors. But he's telling them when they come to work, he's paying them, they're wearing his uniforms. But when they started to complain and said, hey, we should not have 1099s and be doing our own taxes, and what's going on? He decided that, no, you are independent contractors, and you don't work for me. And this is a case where the DOL is now involved in seeking payroll records because these employees were working for him. They are his employees. And just because he classified them that way doesn't make it so. So these are just demonstrations and samples because a lot of times we come and testify, we don't really have documented samples except for the affidavits. We have the video that we have in our efforts to get workers paid. And the last one is a case in Minnesota where Ricardo Batres was criminally charged with labor trafficking. So what he had done is he had trafficked in labor, labor. A worker got injured, hurt his back. He said, do not report this injury. The workers ended up taking him to the hospital anyway. He went to the hospital, intervened, said he broke his back moving a refrigerator, and he was in the hospital. Well, he got charged with falsifying-- he got charged with work comp fraud. He got charged with payroll fraud, and he pled guilty and is serving four months in jail and a number of fines. And this was Hennepin County's first case of labor trafficking. So our bill is meant to give the public or political subdivisions the ability to ask for payroll. So we don't want it to be overly punitive. We really want the industry to police itself, clean up what's happening in the industry, and the best way to do that is just follow the law by paying through payroll. So even if it's a labor broker LLC, they can have a payroll. An, an LLC can have a payroll. So that is what LB540, Section 1 is addressing, is this lack of payroll and

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this-- for some reason in the construction industry is this idea that every other industry and every other business in Nebraska has a payroll, can show payroll records, has no problem paying unemployment insurance and all these other things except for in work-- in construction, there's this lack of that accountability, and that's what we're here to talk about today.

SANDERS: Thank you. Right at five minutes. Look at that. Let me check if there are any questions. Seeing none. Thank you for your testimony.

FELICIA HILTON: Thank you.

SANDERS: Other proponents? Welcome.

JUAN ALVARADO: Thank you. My name is Juan Alvarado. My address is 3060 Titus Avenue.

SANDERS: Spell your name.

JUAN ALVARADO: J-u-a-n, and then it's just A-l-v-a-r-a-d-o. And I'm here in proponent of this bill. And I'm going to give you some examples of there is no entity, there is no group, there is no building that exempt to this problem. So right now, Standing Bear High School, GC: Hausmann Construction. Subcontractor: Midwest Partitions. This is a value of \$62 million project. Now, I heard where you guys were from. This happened Offutt Air Force Base. So this is right behind your backyard. Also, Kearney, Nebraska has one of the biggest and largest high schools that was built very proudly: \$63 million. I was just researching it. Midwest Partition was part of it, and Sampson Construction, and it, it happened. I've been doing this investigation for almost 15 years. So it happens all over. I just want to give you an example that reflects where you guys were from. But it's statewide. And you asked an example: why is it growing? It's greed. Why wouldn't you do it? It's 30 percent that I'm going to keep more. So another one-- so Walter Scott School of Engineering, the GC is Hausmann Construction, Ramirez Drywall. And these are examples that I can tell you for a fact we have either recordings or we have examples of people coming to us and giving us the example. Hey, I didn't get paid. Can you help me? That's what we do. We file liens. Unfortunately, we can't file liens with public buildings, but there's some code of ethic that we should reflect here. Another one is a city center with Hampton. Barbosa [PHONETIC] Labor Work Services is doing a lot of work there. He's exempt from tax, unemployment tax and has no employees. How can you man something with no employees, right? And this just took me about 10 minutes to research. SCC student housing with Sampson

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Construction in Paxton. Paxton has five employees. They have over 13 projects throughout Iowa and Nebraska. Can you even man five employees all over the place? I mean, it's kind of hard. So I want to give you some examples of what really is happening in the state of Nebraska. This is a beautiful state. That's why I made it my home. I left a long time ago [INAUDIBLE] Texas. This is a practice where it exploits people. We're better than that. That's where I'm raising my kids. I want to stay here. I want to compete and build my community, but these examples I've given you, they're real. This is happening right now as we speak. These are, these are not somebody's homes where I saved all my money and I got a mortgage and I can build my home finally. No. \$1.3 billion is coming to Nebraska just for public funding at UNL. We have a responsibility to watch that, you know. And it happened to Ashland Air Forc-- Army Reserve Base. I had some people come and tell me, hey, Juan. We didn't get paid. Or we-- or, how are you getting paid? You know what? I want a better living. Can I join your organization? And I said, sure. Where are you coming from? [INAUDIBLE] they're giving paycheck stubs with no deductions taken out. How do I prove my experience? This is a federal job and it's happening. And we don't do the due diligence to ask, "How are you getting paid?" So these are not that we're making these up. Community comes and seeks help or better opportunity with the organization, we're not going to turn them away. But we are going to find out where, what and who. So this is what we're trying to expose. And I just wanted to give you some very, very specific facts, you know. And that's what I got.

SANDERS: Thank you. I will just check to see if there are any questions. Senator Lowe.

LOWE: All right. Thank you. Well, thanks for coming and testifying today. Kearney High School was \$80 million.

JUAN ALVARADO: Yeah.

LOWE: And it wasn't-- yeah.

JUAN ALVARADO: Yeah. And it's a beautiful, it's a beautiful school. But I can guarantee you, when I went did my rounds back then, we didn't have a lot of information and they were getting paid cash. And it's sad because that is a beautiful school. And taxes are what brought that beautiful school there. And we competed it because my kids go to Catholic school. And we're Division B, so we have to go there. But guess what? It's just-- it's not right, you know. We want more beautiful schools all over Nebraska, and taxpayers make that happen.

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LOWE: Thanks for educating your kids.

JUAN ALVARADO: You betcha. Thank you.

SANDERS: Thank you for your testimony. Any other proponents? Welcome.

MATT SCOTT: Good afternoon. Matt Scott, M-a-t-t S-c-o-t-t. This whole issue of labor brokers, it's not new to the construction industry. Typically, they have really close relationships with the subcontractors who rely on them. And when we're talking about the subcontractors in that tier there that you guys are looking at-- that's this one right, right across here. So they've got these strong relationships with the subcontractors who they rely on to, to do the work for them. Therefore, they're cutting costs and raising profits by paying workers off the books or under the table. Skirting accountability, labor brokers take away from legitimate contractors. They line their pockets by cheating taxpayers. When they, when they're making these-- when these subcontractors know that they're going to use a labor broker on a job, they can drop that bid 30 percent to 40 percent below a legitimate contractor. A guy that's out there trying hard every day has all of his employees on payroll, like he's supposed to, loses a bid by 30 to 40 percent because we have cheating contractors or subcontractors out there. The cost to taxpayers increases even more. When we were talking about it-- Mr. Cooper, Alex Cooper. Felicia was telling you about the gentleman who fell off of the, the bucket truck. He was actually being electrocuted and started on fire on that-- in that boom lift and fell three or four stories, you know. No workmen's compensation was paid on him at all whatsoever. So the injured worker has to go to the hospital. There's no work-- they have to rely on public health assistance, which is also supported by taxpayers. Take any questions you may have. [INAUDIBLE].

SANDERS: Are there any questions? We have one, I believe. Senator Conrad.

MATT SCOTT: Sure.

CONRAD: Hi. Thank you so much, Vice Chair. Thank you. Good to see you again. I remember being a part of some of the negotiations and discussions when Nebraska, many years ago, kind of came together across the political spectrum across the state and really cracked down on worker misclassification because of the human rights implications, because the economic implications and because of the, the taxpayer burden that went along with that. So I'm, I'm hearing a lot of those same themes, of course, today. And, you know, I'm also just thinking

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about how, typically, we, we try and address a problem and then kind of it flow-- the problem kind of flows like water in a different direction. So knowing what experiences we learned in the misclassification kind of debate, this is kind of like an evolution or a next step to address really the same problem by just kind of looking at, at where the problem has so far flowed in response to the existing legal framework. Is that a fair assessment, or--

MATT SCOTT: I think so, yeah. And I think that LB563 is great. And it's got, I believe, six inspectors [INAUDIBLE], but that's six inspectors to cover the entire state of Nebraska. There's billions of dollars worth of work going on. They, they just can't cover it. So we need to be able to-- we need some other entities to be able to step in there and ask for some actual payroll verification on, on all workers on-site. You can't just say on employees. Because when you say employees, well, 60 of those guys swinging a hammer out there aren't actual employees. Each one of them is supposedly their own individual subcon-- but they're being told when to work, what time to start, what time to take break, what tools to use. They have to wear their-- the subcontractors-- so they're actually-- yeah, they're misclassified. But, yeah. This is the way to-- another way to go about it, yes.

CONRAD: Yeah. That, that's really helpful. The other thing I'm thinking about is how the timing in particular is, right? Not just in response to some really tragic accidents, which I think you, you and your colleagues did a good job detailing for the committee. But of course, with, you know, the historic nature of public funds flowing from the federal government through the states and the localities on massive public works projects due to the ARPA funds and the infrastructure bill and, and all of those different kinds of pieces. So, you know, perhaps, you know, it just-- it seems like a perfect storm knowing there is existing harm, knowing there's existing legal violations which impact, impact the taxpayers. And then also knowing the influx of these, of these massive public funds being pushed out to ensure appropriate safeguards. So if you'd like to respond to the timing kind of question or kind of angle on this, please do.

MATT SCOTT: I guess I'm not understanding the question.

CONRAD: No, just like how-- it's really-- I, I'm wondering if I-- and I-- that's because I didn't do a very good job of asking it.

MATT SCOTT: I agreed with what you said.

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CONRAD: But like-- OK. That will work. I always like that response. But just-- if you maybe want to respond to the fact that we're kind of at a historic point in time in regards to the amount of public funds that are going to be flowing through different entities of government for public projects, why this is important to have another accountability measure or oversight measure.

MATT SCOTT: Yeah, there's, there is. And I don't know if, Felicia, you want to speak to that even more. But there, there, there is a lot of public funds coming, coming down from the government in all different areas, and that's coming out of taxpayers' pockets. One way or another, I don't care how they put it in the form of [INAUDIBLE] or however how they put it, it's coming out of taxpayer projects-- pockets. But the people that are actually building the buildings aren't paying any taxes. There's no coverage on them. It's-- and I would say there's a historic amount of money coming in. And we're at some historic records for the amount of misclassified people we have out there also. It's, it's not a Lincoln problem. It's not a Omaha problem. This is a huge Nebraska problem. And I would, I would not even be able to come close to being able to put a number on how many misclassified workers, you know. Most roofing contractors, lots of drywall, metal, stud contractors, lots of concrete contractor-- I mean, all of them have misclassified employ-- I'm not going to all of them, but--

CONRAD: Yeah, I know what you mean--

MATT SCOTT: --the illegitimate ones have got misclassified employees, and there's thousands upon thousands, I would say, in Nebraska. So I mean--

CONRAD: Thanks.

MATT SCOTT: --the two things are kind of, like you said, coming together for a perfect storm where we should hold that accountability up there.

CONRAD: Very good. Thanks so much. Thank you.

SANDERS: See no other questions. Thank you for your testimony.

MATT SCOTT: Thank you.

SANDERS: Any other proponents? Welcome.

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SANTOS HERNANDEZ: Good afternoon. My name is Santos Hernandez. That's going to be S-a-n-t-o-s, Hernandez, H-e-r-n-a-n-d-e-z. I'm here to further explain a little bit more about the tiers that we have-- this is a labor broker, and those are the workers that we have. What better way to explain this as someone that has lived through this? I used to work-- when I firmly started with the construction industry, I used to work for one of these labor workers. It's sad to say, especially about the story that my partner, Matt, mentioned earlier about the guy that got electrocuted. It's sad to say that a lot of these labor brokers or a lot of these people, they just throw these people under the bus and saying they don't work for them, you know. Yes, we end up paying taxes for the hospital bills and everything [INAUDIBLE], but not taking responsibility as a company or as a labor broker to just throw this guy under the bus and say, hey, he didn't work for me. This is something that I lived through, you know. When I was working in the construction industry in my early years where I did not have a-- I would have multiple people paying me, and they would say, hey, you're going to go with this guy now. He's going to pay you. And just back and forth. This happens-- this happened eight years ago, nine years ago, and it's still happening now, probably even more than it happened before. Obviously, this is something that if anybody does get hurt or, you know, not end up getting paid, they just say, hey, go to that guy, and that person just ends up being lost on who should be paying him because nobody wants to take responsibility on that person. And, you know, we're just-- we're here trying to put these bills in order and hopefully make a change for the future.

SANDERS: Questions--

SANTOS HERNANDEZ: I will take any questions if there's any.

SANDERS: Just a quick question. On your construction project, where it says "labor broker." I, I guess I've never heard of a labor broker. Was that once a foreman?

SANTOS HERNANDEZ: No, no, no.

SANDERS: Did the foremans used to do that?

SANTOS HERNANDEZ: So, a labor broker-- so a labor broker is a company that comes in and, and does like, let's say, the drywall. They hire these labor brokers to do the drywall part or the roofing part. These labor brokers then hire different people. So it goes from one tier of labor broker to another tier to another tier because those people, they just keep bringing in more and more and more people to do this

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part of the work. So that's when they end up misrepresenting these people and saying, hey, this is not the guy that I was working for. This is your guy now.

SANDERS: Wow. Thank you. Are there any other questions? I see none.

SANTOS HERNANDEZ: Thank you.

SANDERS: Thank you for your testimony. Are there any other proponents?

FRANK DOLINCHECK: Good afternoon.

SANDERS: Good afternoon.

FRANK DOLINCHECK: My name is Frank Dolincheck, F-r-a-n-k D-o-l-i-n-c-h-e-c-k, and I live in Bellevue. I want to thank you for allowing me to take time of your day-- I know you guys have been really busy lately-- to speak. So just to be clear: this issue of having payroll, it's an issue of great magnitude. A payroll will help eliminate the tax evasion issues we see when a third-tier sub meets-- and third-tier sub is basically what he's talking about, a labor broker. He comes in and then he subs out from the original sub. Well, they meet after work. I've seen it on job sites more than once. They meet after work. They pay cash under the table at a bar or whatnot on Fridays or whenever payday is for them. So having payroll, it will reduce the responsibility of a taxpayer having to pay the bill when a misrepresented construction worker gets hurt on the job and receives medical attention. Having payroll accountability will also level the playing field for all legitimate contractors who are bidding a project responsibly. The difference is up to 30 percent, you know. It's-- without having any knowledge as a developer or a general contractor, you take a low bid, you know. They don't, they don't know-- like, like you didn't know what a labor broker was, neither do they, you know. So then when it does happen and you're on a job site, the GC will turn the other cheek. Well, I didn't-- I don't know who they work for. I hired this guy. Well, in actuality, that guy had another guy who brokers it out. Let me see. I lost my place. I'm sorry. OK. So yeah, up to 30 percent. So in closing, I would also like to, to be clear. Not having a payroll is a direct pathway to misclassification, tax fraud and immigrant abuse. You know, the responsible thing to do, as you represent your constituents, you know, i.e., taxpayers and voting citizens, is to support this bill for payroll. Before I say thank you, I would like to say that it, it would be another tool to monitor-- you know, with the amount of money we have coming in for construction now,

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that would be another tool to monitor construction and make sure it's done safely and fair to the community. That's all I have.

SANDERS: Thank you. Let me check if there are any questions. See none. Thank you for your testimony.

FRANK DOLINCHECK: Thank you.

SANDERS: Are there any other proponents? Welcome.

JOSEPH KIELION: Excuse me. Good morning. Or I guess it's afternoon now. It's been a long day.

CONRAD: We're all feeling that. Yeah.

JOSEPH KIELION: Good afternoon, everyone, and thank you for your time. We do appreciate it. My name is Joey Kielion, 10761 Virginia Plaza. Papillion, Nebraska, 68128. That's J-o-s-e-p-h K-i-e-l-i-o-n. I am here today as a proponent of LB540. You have already heard testimony regarding the cost of the lack of this legislation has cost our taxpayers. Not only are we funding some of these projects with our hard-earned tax dollars, but we are also taking another hit, a hit in the form that comes in the fallout from lack of this legislation of this kind. There's one case in particular that was already spoke of, Mr. Alex Cooper, that shows the devastating effects of not having this legislation. When the young man at the time was the age of 24, was working on a building near downtown, he was hit by electricity from a high-power line. During the OSHA investigation, it took over an hour for those investigators once the dust settled and was cleared to even figure out who he worked for. The young man barely escaped with his life, though he would never be the same. He was working as a fourth-tier subcontractor with no workmen's comp insurance to speak of. His injuries sustained cost local hospitals over \$1 million just to save his life. All paid by the taxpayers. Meanwhile, the developer enjoyed tax-incremented financing to fund their project; yet another way taxpayers are harnessed with the burden of bad legislation, or lack thereof. As I said, this young man will never be the same again going forward. He will never be able to work and support his family in the same way that he once did and will probably need public assistance for the remainder of his life, also again paid for by the taxpayers. As stewards of our hard-earned taxpayer dollars, I am imploring you as a hardworking, taxpaying individual of this community to pass this legislation now before it costs our community more tax dollars than it already has. Thank you.

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SANDERS: Thank you. See if there are any questions. Seeing none. Thank you for your testimony.

JOSEPH KIELION: Thank you.

SANDERS: Are there any other proponents? Any opponents? Any neutral? Welcome.

JON NEBEL: Thank you for having me. Good afternoon. My name is Jon Nebel. I'm president of the Nebraska State Council of Electrical Workers. Sorry, J-o-n N-e-b-e-l. And I'm also here representing the Omaha, Nebraska & Southwest Iowa Building and Construction Trades Council. We are testifying in the neutral at this time-- purely is based on timing. What it is, the amendment-- we just hadn't had time to run the amendment through, through both councils and get approval by all the, all the different trades affected here. As you know, you send things up to the bill drafters with the intention, and sometimes they don't come back all the way. So that's, that is the reason for the neutrality. But we anticipate being supportive of the, of the whole measure with the amendment. We like the language that LB540 has. It's actually part of a bigger picture for us. And to speak to your point on the root cause of all this, we think it's-- has to do a lot with not asking the right questions when we ask for the lowest bid on a contract. What we're not asking is, what are-- what cost cuts are being considered when, when projects are, are bid on? And what we think is happening is best explained through the worker shortage at the skilled trade level. We see a lot of times that there's a lot of interest in the trade and there, there's just not a lot of hours built into a project that gets people all the way through their apprenticeships. And so what the amendment is doing is creating an incentive for contractors to use established apprenticeships and, and gets more folks on board with actually completing these apprenticeships because these-- the way these apprenticeships are set up-- register with the DOL program. You get, you get hours all the way through the program, all the way through these skilled trades. You're not just doing one specific task, which is primarily what's probably happening with-- when you're on a job and you're on as a low bidder, you're just bringing somebody in for summer help and they never make it back after that job is complete. They're laid off. Entry-level wages are pretty low, and so a person in my industry perhaps would work for the summer and then they would get laid off and they would go work at Target for probably about the same amount of money. And so they wouldn't see the level of increase that would keep them employed and keep them coming back for the next summer. Because in my job, it's-- we're going to, we're going to hand you a shovel and you're

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going to dig in a ditch for the summer, for summer, and you don't have to do that at Target. So there's not a lot of incentive for these folks to come back unless they're part of that apprenticeship commitment. So that's what the amendment is about. I know I'm kind of trailing off here, but I'll be happy to answer any questions on the intent of that. And we just ask you to keep it in committee and work with us over the summer to make sure all I's are dotted and T's are crossed.

SANDERS: Thank you for all the information. Let's check to see if there are any questions.

CONRAD: Thank you.

SANDERS: I see none. Thank you for your testimony.

JON NEBEL: Thank you.

SANDERS: Are there any other in the neutral? I see none. Senator Vargas, if you would like to close. We do have position comments. We have proponents, 1; 3 opponents; and 1 in the neutral.

VARGAS: I don't have a lot more to say. I just want to thank everybody that came and testified and also for clarifying the neutral position. As you can see, both in the original intent language and the amendment language, giving public entities the ability and right to do this will make sure that subcontractor-contractor records are in compliance and that we have some enforcement behind it. And second, we, we're also starting to solve some of the issues with workforce development and training programs and apprenticeship programs that are certified under the DOL. And I think this solves two things, and there will be more and more work. We're having a shortage of, of-- there's no shortage of projects that are happening right now across the state, then it's partly federal and infrastructure. But as you can see, there's-- this is the time to do something. It's in this sort of, like, biennium that we should do something in this, in this area, and it's only going to benefit taxpayers. So, thank you very much.

SANDERS: Thank you. Are there any questions? Seeing none. Thank you.

VARGAS: Thank you very much.

SANDERS: We'll go ahead and close on LB540, and we'll reset for LB715.

J. CAVANAUGH: I'll be done talking before I find my comments.

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SANDERS: Just going to let you get settled. Take your time.

J. CAVANAUGH: I just had to run over. I was in Judiciary introducing another bill, so I've got the two bills completed. Here we go.

LOWE: Your time's up.

SANDERS: Did we change the number on the--

J. CAVANAUGH: All right. Thank you.

SANDERS: --LB715. Welcome, Senator Cavanaugh.

J. CAVANAUGH: Thank you. Senator-- is it Vice Chair Sanders. Are you Vice Chair?

SANDERS: Yes.

J. CAVANAUGH: OK. I didn't know that. Thank you, Vice Chair Sanders and members of the Government, Military Veterans Affairs Committee. I'm Senator John Cavanaugh, J-o-h-n C-a-v-a-n-a-u-g-h, and I represent the 9th Legislative District in Midtown Omaha. I'm here today to introduce LB715, which would require the Governor to apply for the second round of Emergency Rental Assistance funding provided by the federal government under the American Rescue Plan Act of 2021. LB715 would provide greatly needed relief to Nebraska landlords, tenants, utility providers, nonprofit service providers and housing developers outside of Douglas and Lancaster County. A similar bill, LB1073, passed the Legislature last year but was vetoed by Governor Ricketts and failed by one vote to override his veto. As a result, the 91 counties outside of Douglas and Lancaster County lost the opportunity for nearly \$80 million in Emergency Rental Assistance funding that could have been used for rental and utility assistance, funding for housing programs, as well as additional funding for affordable housing development to meet the need in rural Nebraska. There's still \$48 million in funding available to Nebraska if we just ask for it. It was my sincere hope that I would not have to bring this bill, and I waited until day 10 to introduce it for that reason. My hope still remains that the new Governor will see that there is no reason to reject this money that is available to Nebraskans and that the Legislature does not have to pass this bill in order to do it. I have had productive conversations with the Governor and his staff on this subject, and I remain hopeful that he will make the decision that renders this bill unnecessary. If the Governor asks for the Emergency Rental Assistance money from the federal government, I will gladly ask this committee to indefinitely postpone this bill. Others behind me will talk about the

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pressing need for Emergency Rental Assistance. As a senator from Omaha, this bill does not actually provide a direct benefit to my constituents. But as someone who is engaged in this issue of affordable housing and making sure that people can stay in their homes, this is an incredibly important issue to me. Federal Emergency Rental Assistance for Douglas and Lancaster Counties, as well as Omaha and Lincoln, was a separate allocation under ARPA. The state's allocation provide, provides for the 91 other counties in Nebraska. There was a concern last session that the money would just go to Omaha and Lincoln if we accepted the funds, which is exactly what happened because we did not accept the funds. This remaining \$48 million, per its federal authorizing statute, cannot go to Omaha, Lincoln, Douglas or Lancaster counties. It is only for rural Nebraska. Nebraska is the only state that has failed to apply for this funding. And this means that since September of 2022, when the first round of Emergency Rental Assistance funding ended, rural Nebraskans have been left without access to rental and utility assistance. Hardworking sert-- service organizations have struggled to meet the need of affordable housing developers and are losing out on \$12 million in available funding to help them build affordable housing. And I ask for your support in funding Nebraskans. And I'd be happy to take any questions. And I would just say I noted-- I kind of talked quickly there, but I have been in discussions with the Governor, and they have been very I'd say productive. And I am hopeful that we will not need to have this bill. But at the moment, we're still asking to have the hearing and have folks come and explain why this is necessary. And I would thank Senator Aguilar. He is a co-sponsor of this bill and kind of was part of the impetus for this idea this year.

SANDERS: All right. Let's check if there are any questions. Senator Conrad.

CONRAD: Thank you, Vice Chair Sanders. Senator Cavanaugh, I think you mentioned this. I just didn't get my pen out in time to grab it down. Is, is, is there a hard deadline for this application?

J. CAVANAUGH: You know, somebody behind me, might be able to better answer the hard deadline-- the, the technical questions.

CONRAD: OK. Very good. No problem. Thank you.

SANDERS: Great. Senator Halloran.

HALLORAN: Thank you, Vice Chair Sanders. Thank you for bringing the bill, Senator Cavanaugh. We're at, we're at day 50?

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J. CAVANAUGH: Yes, sir.

HALLORAN: If the Governor-- excuse me. If the Governor does not choose to do this, what do you think the odds are-- if we exec this to the floor, what do you think the odds are that it will be heard on the floor?

J. CAVANAUGH: I have every level of confidence that it will get its day equal to every other.

HALLORAN: Have you ever been accused of being overconfident?

J. CAVANAUGH: No. I'd say, you know, my, my only flaw is how humble I am.

HALLORAN: Realistically, what do you think the odds are? It was a serious question.

J. CAVANAUGH: No. You know, I guess I-- in terms of the process of the bill moving, is that what your question is?

HALLORAN: Correct.

J. CAVANAUGH: Well, I mean, it, it goes nowhere If this committee doesn't move it. And I'm not--

HALLORAN: Let's say we move it.

J. CAVANAUGH: Say we move it. I think it would have to find another vehicle. It wouldn't move on its own. It would have to find-- we'd have to find something that it would be qualified to be amended into to make a move because it does not have a priority, and so it would have to find--

HALLORAN: So it would have to be either a Christmas tree or an Easter basket I-- as I would prefer.

J. CAVANAUGH: Yes. Somebody told me there's a word-- I think-- is it in South Dakota? They call it a "hog house." Something along those lines. I don't understand the metaphor, but I'll figure it out some day.

HALLORAN: OK. All right. Thank you.

SANDERS: Thank you. Any-- Senator Conrad.

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CONRAD: Thank you, Vice Chair Sanders. And just so that the record is clear. Senator Cavanaugh, did you ask for this bill to be set for hearing on day 50?

J. CAVANAUGH: You know, we actually did ask for a later hearing.

CONRAD: OK.

J. CAVANAUGH: And that was because of how productive the conversation with the Governor has been.

CONRAD: OK. Very good. The other question I would have just quickly as a follow-up: if there is not a hard deadline-- and we'll establish that with later testifiers-- then of course this and other measures will automatically carry over to next year unless they're IPPed by the committee, right?

J. CAVANAUGH: Yes.

CONRAD: And once set for hearing and the public hearing conducted could be amended in innumerable ways into various vehicles that are germane, assuming they're germane and things of that nature.

J. CAVANAUGH: Yes.

CONRAD: OK. Is that any different than the previous legislative sessions you've been a part of as a member of this body?

J. CAVANAUGH: No. That's pretty much the way it works.

CONRAD: Very good. Thanks so much.

SANDERS: Any other questions? Seeing none. You will stay for closing?

J. CAVANAUGH: I will.

SANDERS: All right. Thank you. Are there any proponents? Welcome.

ERIN FEICHTINGER: Thank you. It's my first time in this committee. It's a very bright and light hearing room.

CONRAD: Good energy.

ERIN FEICHTINGER: One of the better ones, I'd say. Seems like everyone's in agreement. Vice Chair Sanders, members of the Government, Military and Veterans Affairs Committee. My name is Erin Feichtinger, E-r-i-n F-e-i-c-h-t-i-n-g-e-r, and I'm the policy

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director for the Women's Fund of Omaha. You might wonder why a representative from the Women's Fund of Omaha is in front of you on this bill, and that's a fair question. It's mainly because I've been working on this since before last session's effort, so I'm bringing some level of expertise and-- as well as historical background to the conversation. As Senator Cavanaugh mentioned, the first round of Emergency Rental Assistance funds, or ERA 1, expired on September 30, 2022. Our failure to both apply for ERA 2 and meet the spending threshold set by the U.S. Treasury meant that all existing funds that were left in that program were reallocated to other local and national jurisdictions, including Douglas and Lancaster counties. Our failure to apply for ERA 2 last session also meant that we lost 60 percent of the available ERA 2 funds. So previously, as you'll see on that sheet I handed out, we had \$120 million available to us. We lost 60 percent, about \$80 million, which were allocated to other ERA 2 programs, including Douglas, Lancaster, Lincoln and Omaha. The ERA Program is designed to be flexible and to ease the burden of administration for states and localities. Programs have control over how to distribute those funds and what most of the requirements are for accessing the program, except for income limits, which cannot exceed 80 percent area median income, to, to qualify for those funds. Despite its name, Emergency Rental Assistance funds are not just for emergency rental assistance. ERA can be used for both rental and utility assistance, and these payments are most often made directly to the landlord or the utility provider from the program rather than to the tenant. Additionally, 10 percent of the ERA funds-- in this case, \$4.8 million-- can be used for what is known as housing stabilization services, which means that the nonprofit service providers in the 91 counties who are all doing an excellent job and who would be served by this program, could fund programming, outreach and case management, for example. 15 percent of the ERA funds, or \$7.2 million, can be used to cover the costs of administering that program. So there is no cost to the state. Additionally, and this was a question that came up in Appropriations last session, there is no matching requirement or anything like that for the state. Finally, if the state program spends 75 percent of its allocation, or \$36 million, and that includes the 10 percent for housing stabilization and 15 percent for administrative costs, then the remaining 25 percent, or \$12 million, can be used to fund affordable housing development in those 91 counties. That's \$12 million we would otherwise not have, and which, given the bills introduced this session for this purpose, would otherwise come from the state's General Fund. There really is not a downside to accepting ERA 2 funds given the diversity of things we can do with that funding and which would alleviate similar requests on the General Fund this

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session. The design of the state's ERA 1 program had some serious issues that impeded our ability to efficiently distribute funding, and we did not take full advantage of the flexibility of the federal program. That said, we are hopeful this time around. We will learn from that experience. We will design a better and more efficient program that solves, that solves far more of our state's problems with housing stability than simply providing emergency assistance to renters across the state, which is still an important task. I will also note that in our conversation with the Governor's Office, which, as Senator Cavanaugh said had been very productive, we have stressed that given the flexibility in the federal program, states can add requirements as fits their needs and desires, what we want to accomplish. For instance, we can say things like, able-bodied applicants need to be working a certain amount of hours in order to access this assistance. We can limit how many months folks can receive assistance. We can address the concern that this is a handout and keeps people out of the workforce by putting additional requirements on it. And the Governor's Office and advocates have worked together to determine what's appropriate for Nebraska and for our various goals. So again, I'm hopeful that we won't actually need this bill. And just real quick to address your question, Senator Conrad: there is not a hard deadline. These funds exist through 2025. So if we don't apply this session, we can apply next session, but that's a smaller timeframe for us to meet those spending thresholds and just pushes it further out of reach. And you'll hear from folks behind me that the need is particularly acute since we've lost that funding and there really is no assistance available. And I'm happy to answer any questions that all-- that you might have.

SANDERS: Thank you. Check-- Senator Raybould has joined in.

RAYBOULD: Yes. Surprise. Thank you so much for your testimony. I don't know if I heard this correctly. So that-- there is \$12 million as part of the ERA that can go to, towards affordable housing? Did we lose out on that \$12 million?

ERIN FEICHTINGER: No, we lost out on-- so, yes. So the way that that works is we have to spend 75 percent of this allocation in order to reach that 25 percent that we can set aside for affordable housing development. And everyone who's been working on this has committed to making sure that that 25 percent is reserved for that purpose. Last session-- or, in the fir-- when the federal government allocated this money to us initially, we had \$100 and-- a little over \$120 million available. If we had applied last session, 25 percent of that \$120 million would have been available for affordable housing development.

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Now that we're in this position where we've lost 60 percent of it, we have 25 percent of \$48 million available for affordable housing development.

RAYBOULD: OK. Thank you.

SANDERS: Are there any other questions? See none. Thank you.

ERIN FEICHTINGER: Yep.

SANDERS: Are there any other proponents? Welcome.

KAREN RATHKE: Thank you. All right. Seeing some friendly faces here in the room. Thank you, Vice Chair Sanders and senators of the Military Affairs Committee. I'm Karen Rathke, K-a-r-e-n R-a-t-h-k-e, and I serve as the president of the Heartland United Way in Grand Island, Nebraska. I'm here to speak in support of LB715. The Emergency Rental Assistance funds for our area is absolutely necessary to provide people in need of rental and utility assistance a short-term fix to stabilize housing. Heartland United Way is a local community impact and fundraising organization with the mission to improve lives and create possibilities for people in Hall, Hamilton, Howard and Merrick Counties. With our mission in mind, Heartland United Way began providing direct, short-term financial assistance to help struggling people get, get their lives back on track and become self-supporting. The people and families we serve are working people living in a fragile balance of paycheck to paycheck and struggling with the cost burden of affordable housing. Their life problems escalate when a family experiences a disruption, illness, injury, loss of job, cut of hours. Rental and utility assistance is just one of the many ways local, trusted providers can assist to stabilize housing. The second round of ERA funds would benefit thousands of Nebraska by-- families by truly providing them a lifeline as people continue to navigate their way through this pandemic and in this time-- high time of-- and in this time of high inflation. At a local level, especially in the rural areas, there are very limited resources to assist people with short-term rental assistance. So we could desperately use these valuable dollars to help people. Throughout the pandemic, our resources have disport-- disproportionately shrunk while the need for resources has increased. So in 2020, we provided \$429,000 worth of assistance to 664 households. 2021, that was shrunk to \$217,499 and 529 households. And in 2022, we were down to \$167,000 and serving 288. And to date, we've only been able to serve \$30,000 in assistance to 61 households. And the need is still there, just the funds are not. And so when we think about the hard deadline, the hard is the hard part in

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watching these families and these people walk in the front door and we have to say no. And we were burning out great social service providers throughout the rural Nebraska area because you say no too many times and you just start believing in that hopelessness. And I said- I had a, a gentleman walk in, a young man, two-year-old in pajamas and just lost his job; and he's never applied for assistance before. And he's like, what do I do? I-- they just said to come here. And so, you know, we, we fortunately, we had some funds. We, we live on \$9,000 in assistance to serve, you know, 30 days' worth of families that walk through the door. And when rent is sometimes over \$1,000 a month, we say no a lot, and we don't like it. Or we, we spend a lot of time calling every church and we do \$250 here and \$150 here, and, and that takes a lot of time. And then the, the families are wondering, you know. So instead of providing extra support services, we're simply just negotiating who's going to be able to pay what and who do we-- and what happens, you know, to the-- to all the others. So they've gotten further and further behind. And then it's a catch-up. You know, I, I just paid somebody's rent for March through some outside funds that we, we advocated for. But we're March 23-- 24, I guess, today, and April's rent is still in question. And this, this person's working two jobs. She makes too much for one set of housing, and she doesn't make enough for another subsidized housing. So it's just this fraction. And when we talk about the need for affordable housing-- you know, those dollars are so needed in our area because we have substandard housing that just keeps growing. Landlords aren't necessar-- some landlords are not taking care of the property. And when we go in to look at properties before we pay some rents, I, I would never even put my dog there. I, I-- it's horrible, and we've got to do something about that. And that \$12 million is a resource that we can do something with in addition to being able to help people just get through life's disruptions. And, you know, as I said in the opening, these are working people. These are, these are Nebraskans that just don't have enough resources to get through that paycheck to paycheck until we can kind of work with them. So I would support moving this on. And I've been a part of the conversations with the Governor's Office, and very hopeful that he will accept them. Every, every record shows that he's going to accept these, but this is a safeguard.

CONRAD: Great.

SANDERS: OK. Thank you. Let's check if there are any questions.

CONRAD: Thank you.

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SANDERS: Seeing none. Thank you for your testimony.

KAREN RATHKE: Yep. Thank you.

SANDERS: There are any other proponents? Welcome.

TANYA GIFFORD: Thank you. Good afternoon, everyone. And thank you-- and especially thank you for Rita Sanders. She's my own, my own-- I claim her. So I am Tanya Gifford, the executive director of Lift Up Sarpy County. T-a-n-y-a G-i-f-f-o-r-d. Lift Up Sarpy County identifies the need and opportunities that impact the long-term success of people in Sarpy County. We work to support them, connect them and energize organizations and funders through ongoing communication and collaboration. We build sustainability by managing resources, developing new partnerships and sharing the work. Lift Up coordinated relief efforts after the floods of 2019, the horrible event that destroyed more than 25 percent of the affordable housing in Sarpy County. In addition, we continue to connect families to the resources needed to recover from the pandemic. Our focus is shifting back to a preventative strategy. That's so we can empower families to be self-sufficient, but we still need your help. This pandemic can be considered over, but clearly the impact of the flood and the pandemic still lingers. Bless you. You will note the infographic that I provided you this afternoon. On the front, it tells a story of the housing crisis specific to Sarpy County. In Sarpy County, a single parent faces an average housing cost of \$1,117 per month. If this parent is working at a minimum wage, they will be working 81 hours per week to just provide for their family. Simple math would tell us that to work the typical 40-hour week when childcare may be more available to them, they would have to make \$21 an hour. This is nearly impossible for most of these single-parent families and is even a challenge in two-parent families. Under the results section, you will note that prior to COVID, we did not have a designated courtroom for weekly eviction hearings. Today, we set aside a full day for eviction hearings, and we are averaging 13 evictions in Sarpy County per week. These families within three to five days then are frantically trying to establish new housing in a county where the waitlist for income-based housing is about three years long. And there are no shelters or transitional housing options-- I repeat, none-- in Sarpy County. Speaking of the homeless population, you will note the backside of the infographic clearly takes you through a recent point in time count which identifies the homeless population in our community. You will especially note that of the approximately 363 people we accounted for on one evening in January, that 144 of them are children. Senators, I need your help. Yes, the Governor has, has

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been very proactive in, in trying to help us. But just last week, as I was at a Bellevue hotel with the food pantry delivery, coincidentally at the same time that I was there, the Bellevue school bus was picking up 21 kids from two hotels that were side by side. Homelessness doesn't just affect them having a roof over their head. It affects so much more in and out of the school buildings. At the bottom of the infographic, you will see that in 2022, when we also had the first round of ERAP available, we still put over \$1 million into Sarpy County with the help of our collaborative partners. In the first round of ERAP, Sarpy County was the third-largest allocation of funds, receiving \$9.3 million. And breaking that down even further, Bellevue was the largest recipient within Sarpy County. This community holds our Offutt Air Force Base. Is this one more burden we need to put on our military families because they are also struggling right now? We can no longer pre-judge those struggling to those that are sitting at home, not employed. Our families are working, and most are working two jobs. With this second round of ERAP, we continue to help families get sustainable and thrive in their communities. We are not looking to run the program anything like the first round. There will not be, here's three months of rent and utilities. And if that doesn't work, come back and get three more. Any financial assistance will be followed with case management. Funding will be provided for budgeting classes through programs like Bridges Out of Poverty and Financial Hope. Legal representation will be funded for landlords and tenants with the hopes of mediation versus court hearings. Funding will also go toward long-term affordable housing options, and the most evident difference will be that the boots on the ground will be working with these individuals seeking assistance and not an out-of-state accountant making millions to help our families here in Nebraska. Again, Senator, Senators, based on the 91 counties that we are representing today, thank you for your time and helping to push this forward. Any questions?

SANDERS: Thank you.

TANYA GIFFORD: Yes.

SANDERS: I have a question.

TANYA GIFFORD: Yes.

SANDERS: Out of the military families or military-connected families you are serving, approximately how many families or members are you-- do you think you need to serve or--

TANYA GIFFORD: That are specific to military?

SANDERS: Um-hum.

TANYA GIFFORD: We are seeing, probably specifically to the military in Bellevue, only about 10 to 15 a month because there's so many perceptions that they're going to get in trouble if they go outside to ask for help. We continuously work to liaison with the family support specialist that's there on the base, and we hope to continue to improve that. But so many are just scared to ask for help.

SANDERS: Um-hum. Yeah. Thank you.

TANYA GIFFORD: Yes.

SANDERS: Are there any other questions? See none. Thank you for your testimony.

TANYA GIFFORD: Thank you.

SANDERS: Are there any other proponents? Welcome.

AMBER MARKER: Thank you. Good afternoon, Vice Chair Sanders and members of the committee. My name is Amber Marker, A-m-b-e-r M-a-r-k-e-r, and I'm the executive director of the Nebraska Housing Developers Association, NHDA. I'm here to testify in support of LB715. We are a statewide organization with over 70 members from across-- from across Nebraska. Our mission is to champion affordable housing. It's our goal that Nebraskans of every income have the cornerstone foundation of a healthy and affordable home. Our members include nonprofit and for-profit developers, nonprofit organizations, government agencies and economic development organizations. We express our support of LB17, a bill that required the Governor to apply for the Emergency Rental Assistance funds available to the state of Nebraska under the American Rescue Plan Act of 2021. It is important to remember that these funds have already been allocated from the federal government, government to our state. We simply just need to accept them. Not accepting these funds does not return them back to taxpayers. It allows them to be directed to other states. Not accepting these funds hurts rural Nebraskans and denies these 91 counties across the funds that, that Douglas and Lancaster Counties have been able to utilize. This money helps both renters and landlords by assisting with past due rent payments and preventing costly eviction processes. It protects renters from becoming homeless and putting more stress on homeless service providers and shelters. In addition, there is the potential of up to \$12 million, as, as referred

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earlier, for the available-- for affordable housing development. The need for more housing of all types in our state has been emphasized over and over these past two years. This is money that could be used towards meeting these needs without potential appropriations from the General Fund. There are agencies throughout rural Nebraska that are ready and willing to ensure that if these funds are accepted by Governor Pillen, the money will be put to use in efficient and constructive ways. We ask you to advance this bill and move forward with requiring our Governor to accept funds to help our rural Nebraska citizens. Thank you. And I'm happy to take any questions from the committee.

SANDERS: Let's check to see if there are any questions. Seeing none. Thank you for your testimony.

AMBER MARKER: Thank you very much.

SANDERS: Are there any other proponents? Welcome.

CAROLYN POSPISIL: Thank you, Senator Sanders and members of the committee. My name is Carolyn Pospisil, C-a-r-o-l-y-n, Pospisil, P-o-s-p-i-s-i-l. I am the executive director of the Housing Foundation for Sarpy County. We've been a major processor of Emergency Rental Assistance applications in Sarpy County. Since the CARES Act in 2020, we have processed nearly \$2 million in assistance payments to 1,080 residents. Those assisted were provided with housing stability resources. This isn't just for low-income persons. The majority of the people served are working households that just need an extra month or two of rent support to keep them housed. For some, this income loss was due to having to take time off to care for family members. For others, it was to take care of themselves. For a few, it was due to the effects of a long-term COVID and the time that they have had to take to miss work that is in excess of their paid time off. People are still missing work for these same reasons. While they aren't a two-week shutdown anymore, they're still a major impact to the financial health of our communities. Rent payments have made-- haven't just supported our residents that needed the rent paid. It has assisted many landlords in keeping their businesses going. For a few, this was for one or two months of a single renter. For one management company, we've provided \$44,000 in rent, rent payments. Could your small business sustain an income loss of that level for over two years? This is why the Coalition has pushed to bring this back to the table. Simply put, people still need the rent assistance. Others will talk to you today about case management, a large need that these funds will help to support. These nonprofits play a crucial role in ensuring

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the success of the Emergency Rental Assistance 2 program implementation. Treasury recognizes the importance of nonprofit partnerships and has noted in its promising practices that the strong partnerships between grantee and nonprofit providers are crucial for the development of quality ERAP 2 programs, communication about program requirements and the flow of ERAP 2 applications and payments. Affordable housing is also a permitted use of funds. Access to affordable housing is necessary for long-term success and independence. As you well know, Nebraska lacks sufficient affordable housing. If Nebraska accepts the ERAP 2 disbursements and obligates 75 percent of the, of the funds available, then the 20-- last 25 percent may be applied to long-term affordable housing. NIFA stands ready to accept affordable housing disbursements for the purpose of providing additional gap financing in the Low-Income Housing Tax Program, expanding the number of units to be built. This initial plan would also provide assistance to existing units to make sure the needed repairs to keep those units safe and affordable. Please vote to push this out of the committee so that the Governor will request the funds. As was stated earlier, we've had some really, really good conversations with them, and it looks like that's a possibility. But our hearing today [INAUDIBLE] come back is to make sure that there is that extra, that extra piece in case that doesn't happen. The funds provided with this round of assistance will be spent by the Treasury no matter what. It is irrational to turn these funds down just to have them go to-- excuse me-- have them go to other states. Why do the 91 counties of rural Nebraska matter any less than the rest of the country? Thank you.

SANDERS: Thank you for your testimony, and always good to see you.

CAROLYN POSPISIL: Thank you.

SANDERS: See if there are any questions. I see none. Thank you for your testimony.

CAROLYN POSPISIL: Thank you.

SANDERS: Are there any other proponents? Welcome.

MAGHIE MILLER-JENKINS: Hi. My name is Maghie Jenkins, M-a-g-h-i-e-M-i-l-l-e-r-J-e-n-k-i-n-s. I am here on LB715 representing myself and just to kind of give you an understanding of what this would mean for just a regular person. You're going to hear a lot of people tell you about the amount of money would be given and the numbers and things like that. But I'm a person that provides mutual aid for our

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community, which means that I take in youth and young adults and I give them a step, whatever they need: if they need housing, if they need rides, if they need food, clothing, shelter, whatever it is. Nobody pays me, which means that-- I'm a stay-at-home mom. So my husband's income is the only thing that we use to be able to provide this service, right? So for us, in 2021, after the pandemic, he got sick. We're a one-income household. That meant that we had to use emergency services for rental assistance in order to keep us afloat because one week of missed work for him meant that we almost got evicted. I lived sitting at my door waiting for a sheriff to show up and put a little orange sticky note on my door for three weeks just for us to wait to get through the process of being approved so that we could send something to our landlord to say, hey, they're going to get the money. Don't kick them out. I can't tell you the mental stress that that was. I have three kids of my own, not including all of the other people that I help, just because I do that, not because it's a job or a position. And this rental money that you assist people with, this changes lives. You want to know why we have a soaring rate of fentanyl and opioid use? Because we have a soaring rate in our housing. When people can't afford somewhere to live and-- you're doing everything. You're working the jobs. You're attempting to save. You're going to school. You're doing everything that you're told. If you do these things, you will be OK, and you're not OK. What do you do? Well, that \$40 that you were supposed to spend on gas to get to your job? Looks like that \$40 can be spent on some drugs that will make you forget that everything in front of you is even a problem. When we look at the issues that we're facing as a community, as a society and as a state, please start looking at the systemic sources for why we're here. This bill gives you a real step towards fixing why we're here. There are 29 homes in the United States for every one unhoused person. Run that back one more time. There are 29 homes right now today for every one unhoused person. Those 29 homes have more than one room in them. That means that there is no reason other than money for why you have people dying on our streets right here. And you can see it in Lincoln, but you really see it when you hit rural Nebraska. Go to a small town in Nebraska and ask anybody what the meth problem looks like out there. Meth in Nebraska is a real escape for the problems that we face. And if you want to fix that, this is a real way to make it happen. We need help. We need help out here. We are struggling. Your average everyday Nebraskan family is struggling. We are struggling to pay rent. We are struggling to pay for our food. We are struggling to pay for our gas. And we see so little hope when we look to our government officials. We see so little hope when we look to the bills that are being argued today right now in so many of these rooms.

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Give us something. Give us some kind of hope. Give us something that we can look for and say, man, at least they're trying. Because right now, we don't see you guys trying, not as a whole body. We see individuals in certain spaces and moments trying. Give us this. Give us something. Give us something so that we have something to say, we want to stay here. There's a reason for us to be here: because we see hope. Hope is the wings that literally make the rest of us fly. So please, please find some humanity in these moments. And at least if no other vote comes up as a yes, do this. Do this and give us something because we need it. We really do. Thank you.

SANDERS: Thank you. Let's check to see if there are any questions. Senator Conrad.

MAGHIE MILLER-JENKINS: You're my senator.

CONRAD: Yes. I was just going to provide a warm welcome to a, a neighbor from north Lincoln and say thank you for being here and thank you for your consistent, powerful advocacy across so many different issues and different levels of government. I've really appreciated, always appreciate hearing from you. And thank you for connecting the dots for this committee and a broader audience about, you know-- what I'm hearing a lot in your testimony is about equity and is also about intersectionality and it's also about how we can utilize a housing-first approach to address a lot of the other challenges that we're facing as a society or that individuals are, are facing. So I, I really appreciate that. Thank you.

MAGHIE MILLER-JENKINS: Absolutely. I'm really, really appreciative that that point is getting across because food, clothing and shelter are basic human needs. There's no argument there. You can't survive without food, clothing and shelter. But they also need to be basic human rights. Just because you're born, you deserve to not have to struggle to stay alive. Everything other than that, we'll talk about it. But just basically staying alive-- people argued about the checks that we got in 2020. Do you remember what they called them? They called them survival checks. How are you going to argue if we need the money, if you're literally-- the words that you're using to distribute that money is "survival checks?" Because that's what we need. We're barely doing that. We're barely surviving. My mother committed suicide in 2020, and the reason why is because this world is so ugly and nobody cares. Nobody takes the time to sit and care and look at the intersectionality. So thank you very much. I really appreciate that.

CONRAD: Thanks for being here, Maghie.

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MAGHIE MILLER-JENKINS: And I hope that that sticks with all of you, that this has real life consequences. People will die.

CONRAD: Thank you.

SANDERS: Thank you for your testimony.

MAGHIE MILLER-JENKINS: Thank you.

SANDERS: Are there any other proponents?

SCOUT RICHTERS: Good afternoon. My name is Scout Richters, S-c-o-u-t R-i-c-h-t-e-r-s here on behalf of the ACLU of Nebraska. We thank Senator Cavanaugh for bringing this bill and the committee for its time today. The ACLU of Nebraska is committed to ending barriers to fair housing and ensuring fair housing opportunities for all Nebraskans. As you've heard, eviction has emerged as a national crisis in the face of rising housing costs, stagnant wages and minimal protections for tenants. An estimated 2.3 million evictions are filed each year at a rate of four evictions every minute. For many tenants, eviction can have a domino effect of devastating consequences, including job loss, health issues and homelessness. Myself and other attorneys in our office volunteer with the Tenant Assistance Project, representing tenants in eviction proceedings in both Douglas and Lancaster counties. Rental assistance funds have been invaluable in keeping more Nebraska families in their homes. In turn, allowing landlords to collect rent, tenants to continue working and providing for their families and more Nebraska families being able to avoid all of those long-lasting, devastating consequences of eviction. Allowing Nebraskans and other communities across the state to have access to those funds will do the same for those families. So for those reasons, we offer our full support for LB715 and urge the committee to advance this bill.

SANDERS: Thank you. Let's check to see if there are any questions. Seeing none. Thank you for your testimony.

SCOUT RICHTERS: Thank you.

SANDERS: Are there any other proponents? Welcome.

GARRET SWANSON: Thank you. Members of the Government, Military and Veteran Affairs Committee, my name is Garret Swanson. That's G-a-r-r-e-t S-w-a-n-s-o-n, and I'm here in support of LB715. Before getting into it, I did want to take a second to thank each member of this committee. This is the last week of full hearings, and I know all

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of you have put in a lot of hours, so I appreciate your work and service. I'm going to cut it a little bit short because there's been many great speakers, but I did want to cite some of the reasoning for why we turned down this originally. When former Governor Pete Ricketts decided to turn down ERA 2 funding appropriated by ARPA, he cited premises such as inflation and government dependency as reasons why he turned the funding down. These are two premises I can understand, but I do disagree with. Whether Nebraska ends up accepting this money or not, it doesn't change the fact that the money is already printed and rent and price affordable-- of affordable housing continues to skyrocket. My own rent jumped 20 percent this year. I want to talk about how this continued rental insistance-- assistance can actually help low-income individuals and families deal with inflation. First, inflation can increase the cost of living, including the cost of rent. For individuals and families who are already struggling to pay for basic needs, the rise in rent can make it even more difficult to make the ends meet. Rental assistance can help these individuals and families afford their rent even as the cost of living increases. Second, inflation can reduce the purchasing power of fixed income, such as Social Security check or a fixed salary. This can make it harder for individuals and families to afford their basic needs, including housing. Rental assistance can help by providing, providing a source of income that is specifically designated for housing, freeing up other funds for essential expense, expenses. Nebraska could use this ARPA funding to assist seniors living on a fixed income. Third, inflation can increase the overall demand for affordable housing, which can lead to higher rents and reduced availability of affordable housing units. Rental assistance can help alleviate this pressure by providing a subsidy that can make it even more-- make it more affordable for low-income individuals and families to rent a unit which can, in return-- in turn reduce the overall demand for affordable housing. Senators, we came so close to securing this funding last year. After one year, we have seen the housing affority-- affordability crisis get even worse. We cannot afford to turn down this funding or wait another year to try again. We must have faith in our state government to use these funds responsibly, and I believe we have the right people working for the state that could develop a plan for this money. If you're on the fence about supporting this legislation, please consider this: if we pass this bill and find out that there's truly no need for this money, the state can still give it back to the Treasury to be reallocated to the other states. If you didn't support this last year because you believed it wasn't needed, let's see for ourselves. If we're wrong, the worst thing we would have done by is-- before returning the money to the Treasury is help

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at-risk Nebra-- Nebraskans. Thank you to Senator John Cavanaugh and the work of this committee. We strongly urge LB715 to be voted out of committee. Thank you.

SANDERS: Thank you. Let's check to see if there are any questions. Seeing none.

CONRAD: Thank you.

SANDERS: Thank you for your testimony.

GARRET SWANSON: Thank you.

SANDERS: Are there any other proponents? Welcome.

KASEY OGLE: Thank you. Vice Chair Sanders and members of the Government, Military and Veterans Affairs Committee, my name is Kasey Ogle. That's K-a-s-e-y O-g-l-e, and I am a senior staff attorney at Nebraska Appleaseed for Collective Impact Lincoln. Nebraska Appleaseed is a nonprofit organization that fights for justice and opportunity for all Nebraskans. Collective Impact Lincoln or, CIL, is a partnership between Nebraska Appleaseed and Civic Nebraska that works with residents of six Lincoln neighborhoods to build community, develop neighborhood leaders and take action on policy that's responsive to their needs. And I'm here on behalf of CIL in support of LB715. CIL advocates for better housing quality, more affordable housing and fair rental practices for low-paid Lincolniters, and we support LB715 because it would provide much needed housing support for our neighbors who have been excluded from these resources. ERA 2 funds became available to the state of Nebraska when Congress passed the Consolidated Appropriations Act of 2021. That act allocated over \$120 million to the state of Nebraska to support renters that live outside of Douglas or Lancaster counties. All that's required of the state to receive the funds is that we agree to receive the funds, which we have yet to do. Because Lincoln and Omaha as well as Douglas and Lancaster counties have populations large enough, those jurisdictions were given their own allocations of funds to serve their citizens, and Nebraska's refusal to accept ERA 2 has only harmed Nebraskans in the remaining 91 counties across the state. We know there's a need in other areas of the state besides Lincoln and Omaha and Douglas and Lancaster counties. Recent Household Pulse Survey data from the U.S. Census Bureau indicates that over 23,500 Nebraska households were behind on rent. Additionally, over 10,000 households reported the likelihood of being evicted from their, their home as either very likely or somewhat likely. Some of the funds originally allocated to Nebraska have

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already been reallocated to other jurisdictions, including Omaha, that accepted their ERA 2 allocations and have already spent them. However, some of these funds still remain available to the state until all ERA 2 funds expire on September 30, 2025. We remain hopeful that the Governor accepts the funds so that this bill will no longer be needed. But if not, LB715 ensures that we can help our neighbors. And for these reasons, we urge you to advance LB715.

SANDERS: Thank you. Check to see if there are any questions. Senator Raybould.

RAYBOULD: Thank you, Ms. Ogle. It's good to see you. Can you tell me again? So we have to use the funds by September 1, 2025, is that correct? Or just the request for the funds has to be in or--

KASEY OGLE: That's when Congress's allocate-- or, appropriation expires. So the funds become no longer available across the country on that date. So, presumably, we would need to ask for them and have some time to spend them.

RAYBOULD: OK. Thank you.

KASEY OGLE: Um-hum.

SANDERS: Any other questions? Seeing none. Thank you for your testimony.

KASEY OGLE: Thank you.

SANDERS: Are there any other proponents? Any opponents? Welcome.

JESSICA SHELBURN: Thank you. Members of the Government, Military and Veterans Affairs Committee, my name is Jessica Shelburn, J-e-s-s-i-c-a S-h-e-l-b-u-r-n. I am the state director of Americans for Prosperity. It will be no surprise to those of you who were here last year that we are in opposition to having the Governor request and apply for this additional funding. Since the beginning of the global coronavirus pandemic in 2020, Americans for Prosperity advocated for timely, targeted and temporary responses to the coronavirus. Nebraska has taken part in various federal programs to assist citizens of our state in weathering the coronavirus pandemic. And our economy and our state is stronger now than it was when we were faced with that global pandemic. The first round of rental assistance funding had not even been fully utilized when this body last year sustained the veto of LB1073. And my understanding is that the program never was fully utilized. So while I understand that there is still a need and we have

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individuals who are still struggling, the program was never fully utilized in the first round. So going back and getting additional funding, I, I don't know that it's going to be fully utilized this time. And again, it goes to that timely, temporary and targeted response. As with any government program-- you know, we've heard a lot of stories: some dating back to the flooding issues, you know, not all related to the coronavirus. When you think about it, the ARPA funds were directly in response to help people get by during that global pandemic. We're hearing folks who are saying we need this additional funding. Well, what happens after September of 2025 when the federal government is no longer providing that funding? What happens then? Is the state going to need to come in and come up with this additional funding to continue to help in this situation? Or do we need to look at other options that are-- have more longevity and are significant changes to help address the issues? So with that, I would just ask that the committee kind of hold off on taking action on LB715-- or, yeah, LB715, and let's move forward. Thank you.

SANDERS: Thank you. Check to see if there are any questions. Senator Conrad.

CONRAD: Hi, Jessica. Always good to see you. And yeah, from a philosophical perspective, I, I don't think that your opposition is surprising. But I just wanted to follow up on a, a couple of key points. So just for consistency's sake, does Americans for Prosperity testify against all reappropriations?

JESSICA SHELburn: I don't know that we've testified against all reappropriations.

CONRAD: Any? Any reappropriations?

JESSICA SHELburn: I think this is probably the first time that I've testified in opposition. Last year-- I can't remember-- we missed the hearing on this bill last year, and so we engaged once it hit the floor. And I actually think last year it was amended into another bill and-- to change the bill so that they had a vehicle on the floor.

CONRAD: OK. And then I know that you work for an organization that has networks in all 50 states. Has your organization taken a similar position in the sister states that they work in to the best of your knowledge?

JESSICA SHELburn: Yes.

CONRAD: I know that you can't know everything that's happening--

JESSICA SHELburn: Yes.

CONRAD: --across the country. You're very knowledgeable, but that, that's a big ask. And has that position prevailed in, in our sister states?

JESSICA SHELburn: You know, I, I'm not going to say that it has. I know that we've-- I mean, even just with the states that are in my region, for example-- you know, you can only do so much.

CONRAD: Sure.

JESSICA SHELburn: And I know that other states have utilized the second round of funding. But I guess from my perspective-- and I try to take a very principled appo-- approach with everything that AFP Nebraska engages on. And from my perspective, you know, it just goes back to that, that position of we wanted timely, targeted and temporary, and we're looking at extending this out five years.

CONRAD: OK. That-- no, I understand that. And I appreciate when groups take a principled approach because I think it sparks an opportunity sometimes for very unique alliances that are very powerful, that are not hindered by partisanship. So I know we've found opportunities to work together on a lot of things, even though we have significant disagreements on other areas, and I really appreciate that about your approach. But I just have two quick follow-ups there. So in regards to the organization's position that ARPA funds be utilized in a timely, targeted and temporary manner, have you been consistently providing this testimony to other ARPA proposals before the Legislature this year that don't meet that criteria?

JESSICA SHELburn: You know, I have, I have been very selective in where I have engaged. I felt it necessary for us to engage in this one this year because we did heavily engage on it last year. And, frankly, bandwidth comes into play.

CONRAD: Absolutely.

JESSICA SHELburn: And so that's why this one did receive my focus.

CONRAD: OK. All right. And then the last question and I will let you get back to your day. But you mentioned there are other solutions to advan-- to address housing access. Like, what are those that you're supportive of?

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JESSICA SHELburn: Well-- I mean, I think that it, it goes back to how Americans for Prosperity views things. We view that there's four pillars of society: you have education, government, community and business. Not every solution is going to come from government or from one of the other three pillars. And I think that we have seen, throughout Nebraska, opportunities where if there's a housing issue-- and I'm going to go to my hometown area for an example. So Deshler, Nebraska has Reinke Irrigation. As an organization, they have gone in-- and when a house comes up for sale in Deshler, they will purchase it. If it needs to be renovated, you know, fixed up, whatever, they will do that so that they have housing available for individuals who they want to hire. Individuals can then come in. They can rent the home from Reinke's for a period of time. They can decide, you know what? We like it. We're going to buy it. Or they continue to rent until they purchase or build something. And I know that that's happening in other communities around the state. And so I think that there are opportunities to address some of the housing issues that don't have to come from government, that can be coming from the community or from the business sector that can actually help us as a community and as a state in the long run more than just becoming dependent on the government coming in and providing the solution.

CONRAD: OK. I appreciate that principled approach. And I know that you were here to listen to the testimony from folks that are working really hard on the front lines with a lot of expertise in these areas, I think from Sarpy County to Greater Nebraska. So your organization's position is that there's a private market failure in those communities--

JESSICA SHELburn: Well, I think there is--

CONRAD: --and that's why there's housing access issues?

JESSICA SHELburn: I'm, I'm not going to say that that's the entire issue. But I think that, you know, our communities play a role. Our businesses play a role. But being solely dependent on the government-- and, you know, I'm listening to, to the folks who testified and I-- my heart goes out to them, you know. I really do. They have very tough jobs. Quite frankly, I've been an individual that they've helped in the past, you know, so I, I understand those hardships. But I do think that, you know-- I know the last administration did a lot of work to try to help people, you know. I would say that we have a broken system when it comes to our state aid to individuals, to families, as someone who's, who's experienced that system before. You know, you have the, the cliff effect. And so we keep people from being able to take

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advancements in positions because they realize that they can't afford to and stuff. And so I think that there are some failures. The last administration worked really hard with the Labor Department to, to create programs to help people so that they could get them those advancements so that they could better provide for themselves and their families: their rent, their daycare, you know, those things. And so I think that there are programs out there. Not saying that it's going to help everyone, but I think that going back to just trying to take that principled approach with this specific program, you know, I felt like I needed to come in and, and testify in opposition.

CONRAD: OK. No, I appreciate that. And then I guess just the very final point that your response kind of sparked in my mind is that I think that there are very interesting and important debates about the role of the private sector, about the role of government. I completely agree that government can't and shouldn't be the answer to all of society's challenges. But while we have those great debates, what do we happen-- what, what happens to the two-year-old who's with his dad who's working two jobs and shows up in jammies and is going to lose his house?

JESSICA SHELBURN: Right. You know, I don't have the answer for that.

CONRAD: OK. Thanks. Thank you.

SANDERS: Senator Raybould.

RAYBOULD: Yes. Thank you so much for testifying. And I can tell you, as a Lincoln city councilperson, my ears really perked up when I came in when Erin was talking about the \$12 million that's on the table for affordable housing. I can tell you that we've tried very creative things with our ARPA funds, working with our, our private rentals to try to come up with solutions. And we know that our existing housing stock is in some of the oldest areas of our city. And so we've partnered with the landlords of that existing housing stock because I heard from a lot of testifiers, it's in, in many cases, deplorable condition. And so we partnered with them and said, hey, what would really help get this up to maybe code? For example, without being mandated to do so, what would really help? And they said, you know, if we could get some-- and they gave a range of like \$10,000 to \$15,000 per unit assistance from the ARPA funds that we had, that we could really make a difference in the existing housing stock. And they would agree to keep it at a very affordable rent for X amount of years. And so we, we took at it as a pilot project to see, OK. Let's just take some feelers out. And I think we had enough funding to do maybe 125

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units as a pilot project, and we got about 580 applications for this. So we know that this funding-- and I wish we had more funds from the ARPA dollars, and so I know there are \$12 million in affordable housing out there. So I mean, we could absolutely use it in a heartbeat. But these are, you know, private entities partnering with the government, being able to take those dollars and do so much more than what the government could do. And I-- you know, I was presenting another affordable housing recommendation, and we know that there is such a need working with a lot of great affordable housing, private developers who know how to make and leverage whatever financing tools that they can get. And so when I hear their stories, it's stories I hear all the time. And for us not to take advantage of it, it just reminds me of the Medi-- Medicaid nightmare where we could have helped so many Nebraskans and we would have been in a better position. And the testimony we heard is that, you know, it just goes back to other states. And that's, that's, to me, is unconscionable. If, if we had that opportunity-- those are our federal dollars allocated for our state. We have ways. We can use them. And to, to have some of our leaders say, no, I don't think we need them. You know, they're not being allocated. I know that all the stuff that came in Lincoln where allo-- we have allocated it out, and I would say I really commend all the organizations that we work with to help us do that. But the need is huge. And when inflation hits right in the middle of us trying to recover from the pandemic-- you know, people and families, as you know, are still recovering-- and just to get another double whammy-- of double digits, at times, inflation. Really, it just-- it makes that elusive goal of trying to, to get people in a better place. And I, I kind of view that as a big, big part of my job. And, you know, I know a lot of us here will fight for every single dollar we can to help the people in our community have a, you know, a helping hand. And not a handout, but a helping hand. So thank you for the work you do. We-- I appreciate your ideas and viewpoints. I, I just don't agree with them, but, you know, thank you anyway.

JESSICA SHELBURN: I understand.

SANDERS: Are there any other questions? See none. Thank you for your testimony.

JESSICA SHELBURN: Thank you.

SANDERS: Are there any other opponents? Any in the neutral? I see none. I think Senator Cavanaugh is still here.

J. CAVANAUGH: I am.

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SANDERS: We do have position comments and-- on LB715. Proponents, 37; opponents, 8; and 0 in the neutral.

J. CAVANAUGH: Well, thank you, Vice Chair Sanders and members of the Government, Military and Veterans Affairs Committee. I just wanted to put a fine point on a few things. And I really do appreciate Ms. Shelburn's testimony. And I would point out that she did come and testify in favor of one of my bills yesterday that was about helping keep folks in their houses. And so-- and it was a different, a different specific issue about people losing their houses. But-- so we-- yeah, we can, we can certainly work together where we can work together and things. But-- and I do like the "timely, targeted and temporary," and I actually think that this strikes all of those boxes. I mean, this is-- to Senator Raybould's point, this is still a timely issue, that there are still people who are-- we have a kind of a-- it's a hangover effect of the COVID economy, and we are facing inflation. I know that the Fed just increased the interest rates again this week. And so I think people are-- it is still having a long-term effect. And targeted, I think Dr. Feichtinger pointed out, that the-- we can put restraints-- constraints on this money. We can put work, work requirements on it. We can say somebody-- we're only giving this to folks who have-- are-- have a job, are working. We can put a limited duration on it. So you can say that people can only get, you know, six months of housing assistance so they can't stay on it for-- indefinitely. I just want to make sure Senator Raybould knows that \$12 million in affordable housing is not-- Lincoln would not be eligible for that money.

RAYBOULD: What?

J. CAVANAUGH: It can only-- this money can only go to the other 91 counties besides Lancaster and Douglas. So it could go to Senator Sanders' county, Senator Lowe's counties, Senator Halloran's counties, Senator Aguilar's counties, Senator Brewer's counties, but not yours and Senator Conrad's and Senator Hunt's. But that's because those counties have already gotten their allocation and that funding. And in terms of the kind of roles of the different aspects of, of society here, the \$12 million in affordable housing, though, would go to private developers to develop affordable housing in those communities. And so it's a public-private partnership. And in terms of the answer to the question about how the first round of funding worked: we've learned a lot from that, and there's a specific push in these conversations we've had with the Governor's Office and the stakeholders about how to do this more effectively to make sure that we don't have a lot of waste and slow rollout. So we learned from the

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pre-- previous implementation, make sure that this money is going to go out to folks in as quickly, efficiently and targeted manner as possible. So I do appreciate all of the proponents and the constructive criticism from opponents that I think, ultimately, if-- when we accept this money will be addressed, and I think everyone will be happy with how this gets implemented. I think that this is something Nebraskans would have a need for. It's federal money that's being spent anyway, so we should be spending it on our citizens in Nebraska. And with that, I take any questions.

SANDERS: Let's see. Any questions? Senator Raybould.

RAYBOULD: Sorry, Senator Cavanaugh. I came in late. I was actually in Appropriations working with community action partnerships on all the good things that they do, helping families out all across the 93 counties. But-- so-- and I apologize. Is the Governor receptive to this? Is he willing to sign on to this and get it done as quickly as possible?

J. CAVANAUGH: Well, I would say if the Governor had accepted it already, I would have withdrawn the bill.

RAYBOULD: OK.

J. CAVANAUGH: But we have had several conversations, and I, I'm cautiously optimistic that with the constraints as described, I think the Governor may be warming up to the idea.

RAYBOULD: And then there are so many agencies out there that already know how to do affordable housing, working with private developers that are experts in it. And, you know, I don't know if-- and I apologize. Just haven't had a chance to dive into this bill, but I'm really, really excited about it to-- but there's organizations like NeighborWorks that already work with housing developers on all different income scales. I don't know if that's in--

J. CAVANAUGH: Well, I believe-- well, Ms.-- is it Marker? My, my handwriting is not very good-- from the Nebraska Housing Developers Association was here and testified, and I-- so I think that they are interested in participating. And yes, I think that we, in this particular instance-- again, we learned-- we've learned from the last round of this, and there's a lot of stakeholders at the table who are ready to implement this as quickly as possible and as directly as possible.

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RAYBOULD: And then the last question. Is there an emergency clause on this?

J. CAVANAUGH: On this bill?

RAYBOULD: Yeah.

J. CAVANAUGH: I don't believe we did have an emergency clause in this bill, but I guess I don't recall how we wrote it.

RAYBOULD: There is not. So if there's no emergency clause, how, how does that work?

J. CAVANAUGH: Well, there is an emergency clause. But even if we didn't adopt the emergency clause, that would just mean that the bill wouldn't go into effect until September 9 or something along those lines. And we would still have at least two more years to, to actually effectuate the program. The reason for the emergency, of course, is, as you heard, the need is here. And the sooner we can get the money in the bank accounts in the state of Nebraska, the sooner we can get it to the folks who need it.

RAYBOULD: So if we pass it out of commit-- since I'm still a rookie in this job-- so if we pass it out of committee, then it goes to General File.

J. CAVANAUGH: Yes.

RAYBOULD: Right. And then we have to debate it on the floor?

J. CAVANAUGH: Right. Well, and as you're aware, the floor-- most-- anything that's, anything that does not currently have a priority is not likely to be debated this session. However, because this money is available until 2025, there would be the option to debate it, of course, next session if it makes it to the floor, and it would have the opportunity to be amended onto any other bill that may be moving that is-- it would meet the germaneness requirements.

RAYBOULD: Or the Governor could sign it any day.

J. CAVANAUGH: The Governor could accept the funds at any time.

RAYBOULD: At any time. OK. Thank you.

SANDERS: Any other questions? Senator Halloran.

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HALLORAN: Thank you, Vice Chair. I'm going to try to pose a question at the end, but so many of us make statements, and, and I'll try to put a question mark at the end. We have an interesting relationship as states with the federal government. There's a lot of competition for low-income-- for the low-income earners' dollars right now, and we're suffering from inflation, which, by many definitions, is simply a hidden tax on everything everybody buys. And so that hidden tax of inflation is eating away at their food budget and other household purchases they may make. That interesting relationship we have with the federal government-- there's an old expression: "I'm here from the government. I'm here to help you." And I, I will not list off a list of instances where the federal government, through some level of inept-- ineptitude with a very cumbersome bureaucracy, creates a problem. And then they come along and say, we've got a solution for you. Here's the money. Now, you and I are going to solve that problem with inflation, but inflation has raised its ugly head recently and made competition for the housing dollar-- I mean, in a household budget-- more difficult for a lot of people. I don't know how we solve that. We can't solve that at state level. That's mostly federal policy that's created 6 percent inflation. And so long-term, if you have any influence on the current administration, I would suggest that maybe we could, between the two of us, make our contacts and make, you know, see what we can get done. But do you, do you see anything in the future that's going to calm down or tamp down the inflation competition for low-income-- all of our households?

J. CAVANAUGH: You know, I, I, I would love to spend a lot of time having-- answer to that conversation, but that seems like that, that's almost like a master's level economics question--

HALLORAN: We can talk off mic on that. That's fine.

J. CAVANAUGH: But an answer to your other question, I do not know that I-- to my knowledge, I don't have any influence over the current administration.

HALLORAN: OK.

SANDERS: Thank you. Are there any other questions? Seeing none. Thank you, Senator--

J. CAVANAUGH: Thank you.

SANDERS: --Cavanaugh. Have a great afternoon. And this closes our hearing on LB715. And we will move on to LB428. Senator Walz. Welcome.

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Look at them leave. There's a few that-- there are a few remaining. Well, they're leaving too. There's one.

RAYBOULD: There's one.

SANDERS: And more importantly, we're here.

WALZ: That's right. That's the important thing.

SANDERS: Welcome.

WALZ: Thank you. Good afternoon, Vice Chair Sanders and members of the Government, Military Affairs-- Veterans Affairs Committee. My name is Lynne Walz, L-y-n-n-e W-a-l-z, and I represent District 15, which is made up of Dodge County and Valley. Today, I'm introducing LB428, which would require a state match to the Federal Hazard Mitigation Program. I've spoken with General Bohac, Assistant Director Portis and PRO regarding this legislation. And through conversations, I've learned that NEMA and the Governor's Office are going to do what this bill outlines without legislation. So I would request that this bill be IPPed, as this is--[APPLAUSE] as this is being taken care of without statute.

LOWE: Best bill of the year.

RAYBOULD: It is.

WALZ: However, since I'm here, I at least want to let you know what this bill would have done, and it won't take me long.

SANDERS: Please do.

LOWE: It is a Friday.

WALZ: That being said, I would like to explain what this bill actually does. Right now, Nebraska receives grant dollars each year from FEMA, from the Hazard Mitigation Grant Program. This bill is to help provide funding to state, local, tribal and territorial, territorial governments so they can develop hazard mitigation plans and rebuild in a way that reduces or mitigates future disaster losses in their community. My understanding is that this program is granted to states after-- to states after a presidential, presidentially declared disaster. This program is really meant to help fortify communities to help tamper down future disasters. For instance, I know there's mitigation work happening in Fremont after flooding, including upgrading our sewer system. Right now, the cost share is split 75

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percent federal and 25 percent local. This bill would make the cost share 75 percent federal, 12 percent-- 12.5 percent local, and 12.5 percent state. The intention really is to make this program more accessible to smaller communities that maybe don't have those dollars on hand to develop those plans and rebuild in order to reduce future disaster loss. Like I had mentioned, I spoke with NEMA and the Governor's Office and that being handled-- that it is being handled through policy, not legislation. However, I prefer just going through this hearing to ensure that all of you know about this program. I respectfully ask the committee to IPP LB428. With that, I would be happy to answer any questions.

SANDERS: Senator Raybould.

RAYBOULD: I have a question. I heard that there is funds--

HALLORAN: It's IPPed.

RAYBOULD: It's IPP-- but I want to know more about it. I mean, I, I heard that there was funding, emergency funding that was allocated to Fremont because of the 2019 floods--

WALZ: Yes.

RAYBOULD: --but that someone told me that none of it has been spent. Is that a fictitious statement?

WALZ: There's been a lot of frustration just on the ability to actually get the funds once the--

RAYBOULD: Right.

WALZ: And we have had a lot of conversations over the summer about that as well. So I think we're really going in the right direction.

RAYBOULD: OK. All right. Thank you.

SANDERS: All right. Senator-- one more question.

HALLORAN: Point of order.

SANDERS: Senator Halloran.

HALLORAN: Point of order. I know there's, there's rules against outburst from testifiers for support or opposition, but is there rules against the committee for showing support?

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SANDERS: But we can overrule it.

RAYBOULD: Were we too happy about it?

CONRAD: Response. I don't think that's governed in the index to the model of rules that Senator Erdman linked up in the rules debate early this year. I think you're good to go.

SANDERS: Are there any other questions? We still need to have testifiers, right--

WALZ: Yeah.

SANDERS: --proponents and opponents?

RAYBOULD: OK.

SANDERS: OK.

WALZ: And there's just a small line outside.

SANDERS: Thank you, Senator Walz. Are there any proponents?

RAYBOULD: This is my first IPP bill. I'm so excited.

SANDERS: Welcome.

JON CANNON: Good afternoon.

RAYBOULD: Good afternoon, Jon.

JON CANNON: Vice Chair Sanders and members of the Governance, Military and Veterans Affairs Committee. My name is Jon Cannon, J-o-n C-a-n-n-o-n. I'm the executive director of NACO here to testify today in support of LB428. Thanks to Senator Walz, thanks also to the Governor for brokering this deal. We certainly appreciate it. Senator Walz approached me first when I, when I attended a Dodge County board meeting last summer and wanted to start working on it then. I certainly appreciate the fact that she's taking an interest in this whole thing. And I do want to mention, by the way, on that note, you know, certainly you are all invited to go attend your county board meetings. They were-- they would all certainly appreciate your presence there so you can hear what's going on at the county level. We appreciate Senator Walz recognizing this issue and working on finding a solution. And I'm happy to take any questions you might have on the last day of hearings in the Government Committee.

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SANDERS: He doesn't even have a timer and he's talking really fast. So let me check to see if there are any questions. Seeing none. Thank you very much for your time--

JON CANNON: Thank you.

SANDERS: --for your testimony. Are there others? Proponents? Opponents? Anyone in the neutral? Senator Walz, would you like to close?

WALZ: No.

SANDERS: So you'll waive closing?

CONRAD: She thought about it for a minute.

SANDERS: And for the record, position comments: there were none-- none in proponent, opponent or neutral. So we will close on LB428. Thank you very much. And we will open on LB287.

RAYBOULD: OK.

CONRAD: Welcome.

SANDERS: Welcome. See if you can beat that.

TONY BAKER: All right.

SANDERS: Good afternoon.

TONY BAKER: Good afternoon, Vice Chair Sanders. I'm Tony Baker. That's spelled T-o-n-y B-a-k-e-r. I'm Senator Brewer's legislative aide. He sends his regrets from the doctor's office for the appointment he's presently at. In the interest of time, let me touch on a few facts that are germane to this bill. This bill talks about joint public agencies. Those are a creature of the Legislature. That's when two or more units of local government get together, like a county and a school, for example, and they want to build a pool and use their combined levy authority to do it. JPAs were created in 1980-- 1999 by LB87. That was a Senator Wickersham bill. And in 2015, the powers and authorities of JPAs were limited by LB132 from Senator Ebke, which sought to cause them to follow the same bonding procedures as every other bonding authority. Now let me tell you the real reason Senator Brewer introduced this bill: he did it to help a fellow senator. This bill was like carrying a gun, which Tom likes to do, so I thought I would use this analogy: it's better to have it and not need than need

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it and not have it. It's often very useful to have two different bills that are both opening in the same chapter and section of statute be introduced and have hearings. That way, if one of those bills fails, there's another bill that's germane that's had a hearing, and that's why this bill was introduced. It's against our rules to amend language into a bill that has not been heard in a hearing. I'm not sure that rule is always followed, but I've seen it most of the time. As it turns out, Senator Linehan doesn't like JPAs either. LB299 is her bill that does this very same thing, and it's on Select File right now. Therefore, with those facts in mind, we have not asked anyone to come here and testify for this bill. This is the last day of bill hearings, and I have the distinct honor of being dead last bill introducer in front of the Government Committee, and so. Subject to any questions the Vice Chair may authorize, that concludes my remarks.

SANDERS: Are there any questions? I see none.

CONRAD: They thought about it.

TONY BAKER: 2 minutes and 23 seconds.

CONRAD: I know. I know.

SANDERS: Thank you for your testimony. We still need to do proponents and opponents, I guess. Proponents? Any opponents? We-- two?

JON CANNON: Good afternoon, Vice Chair Sanders, members of the Government, Military and Veterans Affairs Committee. My name is Jon Cannon, J-o-n C-a-n-n-o-n. I'm the executive director of the Nebraska Association of County Officials, also known as NACO, here to testify today in respectful opposition of LB287. The only reason that we're opposed to this is-- and I see that I'm out of time. The only reason we're opposed to this is that we have a, a constitutional levy limit of \$0.50 for counties. And statutorily, \$0.05 of that-- we can only access the last \$0.05 of our, of our statute-- of our constitutional lid if we do it through a JPA or an interlocal agreement. You know, for what it's-- that's, by the way, Nebraska Revised Statute, Section 77-3442(8). For what it's worth, there are three counties that are over \$0.45, \$0.45 on their levy. There are six counties over \$0.40. Adams County is one of them, Senator. For that reason, if, if we were ever to do something with JPAs, we would want to make sure that by eliminating that or stripping that out that we're able to restore the stat-- the constitutional authority to go all the way up to \$0.50 for counties. We certainly don't have a problem with a placeholder bill.

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And with that, I'm happy to take any questions you may have on this, the last day of hearings.

SANDERS: Senator Raybould.

RAYBOULD: Thank you, Jon. You know, I think of the city of Lincoln. We have a lot of JPAs, you know. That's how we built our jail. That's how we built the Pinnacle Bank Arena. That's how we're redeveloping west Haymarket. And it just-- it seems like a, a pretty fundamental tool. We use a JPA with the city of Lincoln Police Department and public schools to do our SRO program for our officers in all of the public schools. So I'm-- so are you trying-- this bill would try to prohibit of creating anymore or is that-- am I misunderstanding it?

JON CANNON: I think you have it exactly correct, Senator.

RAYBOULD: OK. OK. Thank you.

JON CANNON: Yes, ma'am.

SANDERS: Any other questions? Seeing none. Thank you for your testimony. Dead last for the year.

JON CANNON: Thanks. Thanks very much. This is the last bill I'm testifying on this year.

SANDERS: Thank you very much.

JON CANNON: Thank you very much.

SANDERS: Are there any other opponents? Any in the neu-- [LAUGHS] any in the neutral? Seeing none. Tony Baker, would you like to close?

HALLORAN: No, no, no. You wanted to be the last one to speak. Come on.

SANDERS: We do have some position comments: proponents, 2; opponents, 7; and 0 in the neutral.

TONY BAKER: Thank you for this opportunity.

SANDERS: Thank you very much. That closes the hearing on LB287. And good night.