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Natural Resources Committee
August 22, 2007

[LR107]

The Committee on Natural Resources met at 9:00 a.m. on Wednesday, August 22, 2007, at Chadron State College in Chadron, Nebraska, for the purpose of conducting a public hearing on LR107. Senators present: LeRoy Louden, Chairperson; Carol Hudkins, Vice Chairperson; Mark Christensen; Annette Dubas; Deb Fischer; Gail Kopplin; and Norman Wallman. Senators absent: Tom Carlson. []

SENATOR LOUDEN: Now let's see, shall I...I'll make the introductions first. Get my paperwork here. To my right is Senator Wallman from Cortland. Next to him is Senator Annette Dubas from Fullerton. Next to her is Senator Gail Kopplin from Gretna. I am Senator LeRoy Louden from Ellsworth, Chairman of the Natural Resources Committee. And to my left is Senator...what did you say your name was? (Laughter) Carol Hudkins from Malcolm. She's Vice Chairman of the Natural Resources Committee. Next to her is Senator Deb Fischer from Valentine. And then Senator Mark Christensen from Imperial. On the far end is...what did she say her name was? (Laughter) Barb Koehlmoos is the committee clerk. Jody Gittins is our legal counsel. My administrative assistant is Cynthia Monroe. And also here today we have Carla Felix and Jay Ringenberg from the Department of Environmental Quality. Also Nate Donovan and Roger Kuhn from the Game and Parks Commission. Dave Kinnamon, the new superintendent of Chadron State Park. And where did Mark go? There he is. Mark Brohman, he's our new executive director of the Nebraska Environmental Trust division. He was Game and Parks for a long time and he was our troubleshooter for Game and Parks. So now he's going to be our troubleshooter for Environmental Trust. And also we have one spouse here today, Pat Wallman from Cortland. Thank you, Pat, for coming to visit us. With that, you have to turn off your cell phones or your pagers or anything so there's no interruption in the room. Those wishing to testify on a resolution should come to the front of the room when that resolution is being heard. As someone finishes testifying, the next person should move immediately into the chair at the table. The green sign-in sheets for testifiers are on the table and need to be completed by all people wishing to

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testify, including senators and staff introducing resolutions. If you are testifying on more than one resolution, you need to submit a form for each resolution. Please complete the form prior to coming up to testify. When you come up to testify, place the form in the box on the witness table. Do not turn the form in before you actually testify. Please print and it is important to complete the form in its entirety. If our transcribers have questions about your testimony, they use this information to come contact you. If you do not wish to testify but would like your name entered into the official record as being present at the hearing, please raise your hand. We will circulate a sheet for you to sign. This list will be part of the official record of the hearing. As you begin your testimony, state your name and spell it for the record, even if it is an easy name. Please keep your testimony concise and try not to repeat what someone else has covered. If there are large numbers of people to testify, it may be necessary to place time limits on testimony. If you have handout material, give it to the staff and they will circulate it to the committee. If you do not choose to testify, you may submit comments in writing and have them read into the official record. No vocal display of support or opposition to a resolution will be tolerated and please relax and try not to be nervous. And as you notice, we have a new system now. It's like in these airplanes. When we mention the sheet that has to be signed, our lady stands up and holds it. (Laughter) You know, just like they put the seat belts together. Thank you, Jody. [LR107]

JODY GITTINS: Good morning Senator Loudon, members of the committee. My name is Jody Gittins, J-o-d-y G-i-t-t-i-n-s. I'm committee counsel for the Natural Resources Committee and introducing LR107 on behalf of the committee. The purpose of this study is to examine the effects of the elimination of state park entry permit fees on state park system in Nebraska, as well as review alternative methods of funding for the state parks system. This issue has been before the committee several times before. We've had numerous hearings on it across the state. We've had them at Lewis and Clark in Omaha. We had them at Fort Kearny. And now we're having them in this end of the state. Game and Parks has two people that will be testifying after me to inform the committee of how the park entry fees are being used and any proposals that they may

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have. [LR107]

SENATOR LOUDEN: Any questions for Jody? Seeing none, thank you, Jody. First testifier? First two testifiers. [LR107]

NATE DONOVAN: (Exhibits 1 through 5) Good morning, Chairman Louden, members of the Natural Resources Committee. My name is Nate Donovan and I actually am an employee of the Attorney General's Office, assigned to the Nebraska Game and Parks Commission. And I'll be testifying today in a neutral capacity regarding LR107, your interim study to examine the effects of the elimination of the state park entry permit system and to review alternative methods of funding for the state park system. Nebraska state park system is comprised of 86 areas and is funded by four major revenue sources. The General Fund provides \$5.3 million and the commission is pleased and thankful for the increase in General Funds that occurred during the appropriations and budget process this year. So we thank you for that. Park permits generate about \$4.2 million. Lodging revenue generates about \$3.9 million per year. And camping revenue is about \$2.7 million per year. [LR107]

SENATOR LOUDEN: Now can I interrupt you? Can you run them figures by me again... [LR107]

NATE DONOVAN: You bet. [LR107]

SENATOR LOUDEN: ...because I think they're kind of important. [LR107]

NATE DONOVAN: General Fund is \$5.3 million per year; park entry permits, \$4.2 million annually; lodging revenue, \$3.9 million; and camping revenue, \$2.7 million annually. Twenty-seven percent of the state park system's operating budget comes from the General Fund while 22 percent comes from the park entry permit. We've got handouts for you that has that as well. Roger Kuhn has worked for the commission for

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quite a number of years and he tells me that 15 to 20 years ago the state park system--actually the commission, I believe it's the commission as a whole, maybe it's the park system--was funded about 50 percent General Funds. And now it's 27 percent General Fund and the rest other funds. Nebraskans and our visitors love our state parks. We experience over 10 million visitors annually and about 25 percent of these visits come from nonresidents. The park system provides diverse outdoor recreational and educational opportunities and contributes mightily to Nebraska's economy. Tourism is the state's third largest industry and seven of Nebraska's top ten tourism attractions are parks operated by the Game and Parks Commission. We realize that the Legislature has difficult decisions to make and competing priorities for funds. That's one of the beauties of the job of an elected legislator. We've set the goal...we at the Nebraska Game and Parks Commission set the goal of operating within budget limitations without closing any of the 86 areas we're responsible for, knowing full well how important these areas are to the communities they are located near. And I might add, and we can get you copies, we did not bring them today, but the 2006 annual report... [LR107]

SENATOR LOUDEN: Speak up a little bit. [LR107]

NATE DONOVAN: Speak up? Okay. The 2006 annual report for the state park system, it's interesting in there to look at what parks and recreation areas generate revenue and what other of the areas, like state historical parks, actually operated at deficit. So there might be areas...as we know, areas are important to the communities they're located near. And if there is a decision about prioritizing which areas to keep open and which areas to close, certainly the revenue generation aspect might be a part of that decision. To keep the park cash fund in the black, we've not spent what we have had budget authority to spend. Two areas where we have done this are equipment purchases and full-time personnel. Last fiscal year, we only spent 9 percent of our equipment authority and 77 percent of our personnel authority. Of our 153 authorized full-time equivalent employees for the park system, we only have 120 positions filled. Doing this has helped

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us stabilize and improve what had been a declining park cash fund balance. But this cannot continue over the long term and still maintain the same park system in a quality status. And as Roger reminded me last night when we hosted the committee out at Fort Robinson State Park, that park operates with seven full-time year-round employees--a number of seasonal employees as well, but seven full-time employees--which is remarkable considering the land that's under management and the different activities that are going on there. The biggest challenge facing Nebraska's state park system today is having a stable, reliable source of funding to adequately and appropriately fund the operation and routine maintenance of our park system and effectively address deferred maintenance. Currently, we have identified \$27 million in building and infrastructure deferred maintenance needs. If the park is eliminated, the probability is that more people would visit the state parks, therefore adding more demand to the facilities and resources and public service. In other words, the safety and well-being of the public visitors will require more financial resources for staff, supplies, and maintenance of facilities and resources. Alternate funding sources identified need to be stable, reliable, and inflation adjustments included so appropriate planning can be done based on a dollar figure that can be relied upon year after year. Nebraska's state park system is at a crossroads. A decision needs to be made soon as to what the future of our park system will look like. Given current funding levels, the park system cannot continue at its current level of operation. The Game and Parks Commission is pleased that the Natural Resources Committee has introduced LR107 and has taken a leadership role to take a close look at the park entry permit, discuss alternate funding possibilities, and give the commission insight as to how Nebraska's state park system should be structured for future generations. We've provided in your packet a list of some pros and cons concerning the elimination of Nebraska's state park entry permit, along with information regarding how other states are funding their state park systems. And as you noticed, Roger Kuhn, as the assistant director for parks, is available to attempt to answer any questions, along with myself. As you look through the packet, we'll just let you read the pros and cons at your leisure. We thought we might point out the highlights of some of these handouts. The comparable state park entrance fees for 2007 ranges

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from a high of \$130 in New Hampshire to a low of \$20 in Nebraska with an average cost of \$55.40. So of those 37 states, Nebraska...that do require a park entry permit, Nebraska is lowest. And I believe that Nebraska is at the top of the authority granted in the statute for what the park entry permit fee can be. If there was a request for an increase in that in the future, we'd have to come back to the committee and the Legislature. And then revenue sources for states without park permits in 2007. There are several ways, and we don't propose to offer to you ideas on what types of alternate funding sources might be used by the Legislature. We think that's your decision. But the general categories that we've identified are states using general funds, a portion of the state sales tax. In particular, Missouri, they get one-tenth of one cent of the state sales tax which funds most of both their park system and their Department of Conservation, which is the fish and wildlife side. Park entry permits like we're talking about here and also other user fees; camping, rentals, concessions. Other states have instituted a real estate or property transfer tax as well as a motor vehicle registration fee, funds from the lottery, bond issues in certain cases. And ideas that have been thrown around both here and in other states are severance tax from mining, beverage tax, and a boat fuel tax. So you've got the handout with states without park entry permits. Also, cigarette tax is one of them, as you see Alabama right at the top. And then park operation and maintenance funding revenue sources summary of 2006 for several states. And it's interesting to note, perhaps a comparison can be the number of acres under management, the number of parks under management, total revenue, and total full-time equivalent employees. And we think Nebraska's park system has operated very lean with relatively few number of full-time employees for the amount of acres and areas that are under management. So with that, I'll stop and we'd be happy to entertain questions and have a discussion. Thank you. [LR107]

SENATOR LOUDEN: Any questions for Nate? Senator Kopplin. [LR107]

SENATOR KOPPLIN: Looking at the budget and your identification of (inaudible) million I think on the (inaudible) project. Some of that could come from 403 money, I mean...but

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with the kind of budget you've got, you're never going to reach that \$27 million. So we're to a crisis point in some of the buildings. What should we do? [LR107]

_____: I'm sorry, I didn't hear the last part. [LR107]

SENATOR KOPPLIN: What should we do? [LR107]

ROGER KUHN: What should be done? Well, and I... [LR107]

SENATOR LOUDEN: Did you...have you got his name? [LR107]

ROGER KUHN: My name is Roger Kuhn, K-u-h-n, assistant director of Nebraska Game and Parks Commission, Lincoln, Nebraska. And I did fill out one of the sheets. But I think that's one of the reasons we stated here. We're, you know, excited or happy that the committee is taking a look at the park permit funding or alternative funding sources that might replace the park permit or might enhance the park system or the park permit. It's a tough issue and we're not alone. You know, there's other state agencies that identify deferred maintenance backlogs. I think the Game and Parks Commission, if I'm correct, has the second most highest number of facilities or infrastructure and inventory, other than the University of Nebraska. I believe the Game and Parks Commission has more buildings or structures (inaudible) second most than the University of Nebraska. So we have a large task in front of us, or the state does. And you know, Nate pointed out some examples, I guess some recent examples. And I go to about one conference a year. It's a park directors conference. It's all the park directors from around the nation that get together. And of course, one of the topics is funding and budget and all this sort of thing. And when they talk about the park permit, it kind of turns into a...it's kind of a philosophical issue. It's interesting on the fish and wildlife side of these states, they're all very consistently funded primarily by the sale of hunt and fish permits. And they're very consistent. Every state has a hunt/fish permit requirement. Every state has a nonresident hunt/fish permit requirement. But when it comes to state parks, they're very

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inconsistent. None of them are consistent. You got 13 states that don't require a park permit. You got 37 states that do. The price varies greatly. But at these conferences, the discussion comes up, park permit or no park permit? And it becomes an issue of kind of...philosophywise, Missouri is a good example. They made a decision a number of years ago to support their park system. I believe it's approximately maybe 20 years ago now. Time gets by quickly. But they had an initiative on the sales tax. It went to the voters. It passed that first year for a ten-year cycle by like 51 percent of the vote, just barely made it. This last year, it came up again, I think, for the third cycle. It passed by 71 percent of the vote--you know, a huge margin--to support parks via the sales tax in Missouri. Now Missouri's number one industry is tourism. That's a big deal for them. They have a lot of lakes, a lot of resources. So the people there rely on tourism a lot for their living. So I think they have felt they're willing to support that. Nebraska, it's different. We're the third largest industry. Arkansas just copied Missouri except I believe they didn't put a ten-year window on it, they made it for...well, I guess whenever the legislature wants to (laugh) change it. But they got, I think it's one-eighth of 1 percent on their sales tax. It would be in your information. And that passed barely, it was a first-time round, it passed like 51 percent. But they kind of used the model Missouri did. And another state that did an interesting deal, just a different twist, was Montana. They had a park permit requirement. The state, you know, wasn't sure they liked that, etcetera. It didn't generate much money. It wasn't enough money to take care of their park system and facilities they have because they don't have a lot of residents and a lot of visitors. Plus, they have a lot of national parks and other things that people can go to. So their legislation was introduced and it was \$4 on the motor vehicle registration, add \$4 to go to the park system. In that particular state, it was running into some opposition. So then they put it voluntarily. I wouldn't think that (laugh) be kind of messy to me, but they made it a volunteer deal. So when you went to register your vehicle, and it passed two or three years ago, people would pay the \$4. But if they didn't want to, they would fill out a card and get rebated or refunded the \$4. And I think about, the last number I heard from them was I think it's about 80 percent of the people did not ask for a refund. Maybe 20 percent did. And so that's how they did it and it generates more dollars than their

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park permit ever did. And so they're doing well. Kansas tried to copy that model last legislative session. And they had the governor's support, I understand, and they had some key senators' support. And I think they were going for \$5 on the motor vehicle registration. And they set it up a little differently; \$4 was going to go to the state park system, \$1 was going to go to local community parks, city parks, etcetera, that would apply...the state park system would administer this program, but they would apply for these funds, similar to a federal program called Land and Water that we apply for and get for the state of Nebraska. They were doing it on a state level. And so they got support from a lot of the local communities or municipalities. And that thing went to the legislature and it got bogged down and didn't happen. Kansas, the reason they were looking at doing that, their park permit was up to like \$46 a year. And they only have 27 state parks, we have 86; it's a smaller system. But they have a lot of needs, etcetera, like everyone does. And they felt that park permit was getting too high at \$46. So what the legislature did, I think the park director down there says, well, without this funding we're going to shut down some parks, and identified some. Legislature said we don't really want to do that. They got some general funds. I think they netted \$3 million ahead of what they were...the park system's budget did. And then now they're looking at some kind of lottery package potentially that can generate \$10 million to attack backlog of maintenance, these type of things. So you know, you look at all these alternative funding sources and you look at the \$27 deferred maintenance. And it's a big, big thing to try to take on. And you're right, the current budget, there's not funding there to really attack that problem, make any headway. And it's ever-growing. So you have to either look at these facilities and try to, you know, patch them together, which is what we've been doing, which is a short-term approach. We've been doing it for a number of years. Or you've got to make a commitment to take care of these facilities and find some funding to adequately do it. And so that's kind of where it is. [LR107]

SENATOR KOPPLIN: But one of the easiest ways for...I don't care what kind of government entity it is, it could be a school district or what. Say you don't have the money, you delay maintenance. But the cost in the long run is so much higher. Now it

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would seem to me that if we keep delaying maintenance projects, your option is to remove some of those buildings. Would that be correct? [LR107]

ROGER KUHN: Yeah. You either got to shut down those...I'll give you examples. And we don't ignore these problems. You know, Fort Robinson you were at yesterday, we just invested well over \$2 million on a complete new water sewer and sewer lagoon system because the other system was 1930s vintage. And we've been planning it for a number of years. We got help from the Legislature with budget. We got help from the 309 Building Task Force for Renewal and put some packages together. We just...Chadron State Park, we just replaced the entire water distribution system. It was nearly half a million dollars. That goes unnoticed to the public or to a lot of people, but you have to have water and sewer to run these places. Mahoney State Park, we put in an underground electrical distribution system in 1987; the life expectancy when it was put in, they told us was 15 to 20 years. Okay, it's 20 years. Now so far it hasn't been giving us a lot of trouble. That will start failing and you've got to plan for it and it's a big ticket item. Currently, swimming pool at Platte River State Park is in trouble. It's a steel tub, it's not concrete. It was there when it was Camp Newman. We went and poured concrete at the time. We've maintained it all these years. The filtration system and so forth, we've kept it going. But it's rusted on the backside and it's starting to fail. And once you got to go and replace the tub, you've just got to replace everything; the pipes coming into it, the filter systems, all those things. And that's going to be a big issue. You know, that's a \$3 million type of item to replace that pool. And so we're going to have to make some tough decisions. Unless we can find some money from somewhere, we may have to close the pool operation at Platte River State Park, which is a big part of when people stay, they're renting cabins and especially when it's 100 degrees out, they want their kids and be able to use the pool. So we've talked about alternative ideas. We can put a sign up there, say, well, ten miles down the road is Mahoney State Park's pool. There's a swimming beach at Louisville state lake six miles the other direction. You have these alternative options. We've looked at spray parks, which are not pools, they don't require lifeguards, are cheaper to put in up front and they're cheaper to

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operate. But you know, they only serve a certain clientele, which is usually younger kids. Teenage kids don't go to them, adults, they're not...you know, they're for younger kids. But it is an option. So you know, we take a look at these things and we've talked to the local community of Louisville because it's...Louisville doesn't have a community pool. So they may be interested in helping with that possibly. Senator Pankonin, you know, it's his district. And so that's just an example. But we have those kind of examples throughout the system. It's difficult. But we do a lot of maintenance. I mean, we've done a lot of maintenance, we continue to do a lot of maintenance. We replaced the electrical distribution system at Indian Cave State Park. It was failing. Platte River State Park, we did a big underground electrical replacement there, too, in recent years. So it just...it's just a lot out there to take care of with the budget we have. So that's what we're up against. And we try to prioritize, take care of those type of needs. Electrical, sewer, water are necessities, swimming pools are important but not necessarily a necessity. Keep the park open, but important, so... [LR107]

SENATOR LOUDEN: Senator Christensen. [LR107]

SENATOR CHRISTENSEN: Yeah, I don't know which direction to go. (Laughter)
[LR107]

NATE DONOVAN: Decisions, decisions. [LR107]

SENATOR CHRISTENSEN: That's right. Too many questions, too little time. I threw this at you yesterday. I think I'd like to hear your response here. Why, if we have so much deferred maintenance, are we buying new lands, developing new things, and we don't keep up some of the areas of the parks we have now? [LR107]

ROGER KUHN: I'm glad you asked me last night because you gave me time to prepare. (Laughter) But, no, you know, when you talk about land acquisition on the parks side of the agency, we don't have a land acquisition program. On the wildlife side they have a

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habitat stamp, which is a land acquisition and management program in place. And you might be thinking of that. But land acquisition for parks, state parks, the most recent example I can give you that we've acquired land...we don't acquire much land, haven't in recent years. The one example I can think of, the exception, is at Ponca State Park. We've acquired two parcels of land in the last, well, I think it's probably in the last six, seven years. First parcel was 300 acres, it was adjacent to the park. It was somewhat flood-prone from the Missouri River. Though the local farmer tried to farm some of it, it was mostly wetland area and so forth. And they were interested in selling it. That property was purchased. And at Ponca, sits right on the Missouri River, but we never had very good access to the Missouri River, and this would provide that for us. That property was acquired 100 percent from donated funds, so there was no state funds that acquired that property. Now the obvious issue that comes up is when you buy property, it's more to take care of, which we understand. But it was an opportunity. There was the Conservation Fund of America was the people that coordinated the acquisition and then gifted it to the state of Nebraska. But the money came from the Richard King Mellon Foundation out of Pittsburgh, Pennsylvania. That's who donated the money. And then there was another acquisition at Ponca, which again is along the Missouri River, that added to what we were already doing. And that was a big acquisition of approximately 1,200 acres of ground. And that money, part of it was the landowner donated some of the value, asked less than the appraised value. And then the funding came from federal funds, a lot of...there was some state money in that acquisition but it wasn't a large amount of state...it was a lesser of the percentage. The majority of the money came from Land and Water Conservation Fund, which is a national federal money; Section 6, which is federal fish and wildlife money; and the Environmental Trust also provided funding for that piece. And so, you know, there wasn't a lot of state money in that land acquisition. So you know, when you talk land acquisition, that's the most recent example I can think of. Before that, it's been a long time since we have acquired land other than that example I can think of. I'm sure there's some. But primarily that happens with either matching monies or partners or federal monies. It's very rare...Environmental Trust has helped a couple cases over the years.

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But it's rare that we buy it just ourselves. And so that would be the best example I can give you. And those funds couldn't be used for maintenance. The Land and Water money I mentioned, Section 6 money, you know, donors, they're going to put their money where they want to put it. And so, you know, we haven't done too much of that. And another project maybe I can point out is at Ponca, there's the visitor center there. Again, there's an example of federal money, mostly Corps of Engineers money is what made that happen. And that could only be spent on that recreational river there at the Missouri River, on that national rec river. So some of those funds that come to us have strings attached. You got to leverage money and they can only be spent at certain places. And oftentimes it's not for maintenance. Land and Water program, which has been a longtime program since the 60s, can be used for park development, park acquisition, but not park maintenance. And it's a 50-50 matching program. So it's a good program but it's not available for maintenance. So that's kind of what we run into. The Task Force for Building Renewal has been very good to us. We have a good working relationship with us. Oftentimes they'll provide the materials if we provide the labor, which works good for us because we don't have the cash to spend but we can maybe put some people at it. And those are small projects; you know, shingling roofs, reroofing, painting, this type of thing, replacing siding. So they've been very helpful to us and that's our primary maintenance source of money, is Task Force for Building Renewal, and then our own operating budget. Another item you might have heard in the narrative Nate mentioned is the equipment. You know, we cut back on equipment purchases. Our park cash fund balance, which would be like your bank account at home, has been on a downward decline since we took some major General Fund budget cuts in '01. So we've been dipping into that bank account. It got dangerously low and we had to reverse that trend. And we did that by not filling position and not buying equipment. But that...in the long term, you can't keep running 86 parks that you have for many years with less resources. I mean, you just can't...it's not going happen. We took the high road during those budget cuts. We didn't go out and we're closing parks, and a lot of states do that, you know, and it gets ugly. And we didn't do that, we were just trying to hold on, dip in our bank account, hope for a better time. And this year, the

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Legislature in the budget treated us very well. We got a good, best in probably all the years I've been around, 20 years, General Fund addition to our budget for the park system, almost 9 percent over the budget. So that was extremely well. And that's great, and that's going to be helpful, a step in the right direction, but it doesn't get us out of the deep water yet. [LR107]

SENATOR CHRISTENSEN: You talked about closing parks. Have you guys ever prioritized parks of best return to worst return? Is there something available? [LR107]

NATE DONOVAN: As I mentioned, that 2006 annual report, we can get you a copy of that. [LR107]

ROGER KUHN: Yeah, that gives the revenues and expenses. But we've looked, you know, we had an experience, it's been a number of years, 15 years ago perhaps, where...and it was really not any design or anything but it was a question of, well, if we cut your budget this much, what are you going to do? And back in that day there was, I think, a list of approximately 33 parks that came out that could be considered being closed. And I'm telling you, it was amazing the communities that come out of the woodwork on those...you know, their community park (laugh). It was not pretty and so we got right out of...the Legislature said, you guys get out of that. So we got out of that right away. But Pennsylvania was interesting this last year, they shut down state government. July 1, at the beginning of their fiscal year they didn't have a budget so state government shut down. I don't know if you saw that or not. But talking to the park director, of course, Fourth of July being on a Wednesday this year, the weekend before the Fourth they were open. The weekend after the Fourth, they had no staff, nothing was open in their state park system. And the legislature and the governor and the director told me, they didn't expect this, but they said, my goodness...of course, the timing was everything. They said the biggest outcry they got was this park system. And they didn't expect...they thought other government services, that's where they'd hear the biggest...nope, it was the state parks. (Laugh) So we...we currently, we are currently

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going through a process, we have a committee looking at just what you mentioned, looking at criteria to try to score or grade the various parks in the state and prioritize them based on a number of criteria or factors. You know, natural resources, cultural resource, what they generate in revenue, backlog. I mean, it's all these different criteria that we'll be presenting to, you know, our board of commissioners and so forth to take a look at. And we're doing that to prepare for the next budget cycle. And so, you know, which is due by September 15 next year. Sounds like a long ways away but it gets here quickly and there's always a lot of homework to do. So we're working on this process, anticipating, you know, saying okay, here's what we have, here's what we think the money it takes to run these parks at a quality level. I think right now a lot of our parks are probably running at a two-star level and we'd like...the ones we run, we'd like to be at a five-star level. You know, if we run 20 or 30 or 80, hopefully they're all at five-star level. But you know, it takes some resources to do that. And so we're looking into that and trying to identify those type of things and prioritize those type of things. [LR107]

SENATOR CHRISTENSEN: Well, maybe I can ask. Many probably know during the big rains down in my area, southwest Champion Lake had water go over the top of it and a lot of washing. They couldn't get some of the gates open, so it's been closed and drained, and a big public outcry, at least to me. Small town, but I hear a lot. And that town has a lot of pride in keeping that going. They have already stepped up and helped you guys get a well and a pump to put water in the lake at times. That's a community, at least right now I'd say there's a lot of...do you go out and appeal to the communities for prioritizing projects, saying, hey, this is something we can keep up, would you guys be willing to have a fund-raiser or whatever and help us keep this up? Is that something that you guys work on or are you strictly trying to just work within your own budgets? [LR107]

ROGER KUHN: No, we love partners. Champion is a great example of a good partnership. They came to us concerned about their recreation area a number of years ago. There was a gentleman there, Charlie, put together a lot of volunteers and they

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brought all kinds of equipment that I never even imagined before and dug out that lake. You know, we drained it, and they dug out that lake because it had been silted in over the years, had lost the quality it once had. And they did that work pretty much on their own out of volunteers. And it was a great partnership and a good project. And you mentioned other things the community has done, we get that a lot around the state. So we're always open to that. The sustainability sometimes can become difficult, you know. Volunteers are great, sometimes they wear out. Nothing wrong with that, just expect it. You know, they've got a lot of things going on, too. The recent floods, you know, you get that kind of event, they don't happen often but when they do, they can be pretty hard on things. And you mentioned the gate, and there's probably some things we can always do better, and that's a good example. I think the gate was having some problems, probably hadn't been maintained at a level it should have been. I don't know if that would have made any difference in that event, but it might have. It could have. And so we're looking now at the future of Champion Mill Historical Park and the lake and it's a little bit unknown right now. It's uncertain. And it's a big, big issue to a community like Champion and we recognize that. And we have a lot of those areas around the state--Arnold State Recreation Area, Atkinson State, Brownville State Rec Area, Pibel Lake-- you know, that are smaller areas that those communities rely on. And we are open to talk in communities, and that's part of this committee I'm talking about. That's...we're looking at options. That's one of the options, is going to communities and asking them if they would want to partner or take on an area like that. And if we do that and they're willing to accept that responsibility, there are certain strains because some of those areas have federal funds involved and when you've got federal funds, oftentimes they have to remain open for public use. It's just a requirement. And so if they're willing to make that step, those properties...it would take legislative action. You'd have to surplus the property because they're state properties, which takes legislative action, and they'd go over to the communities for fee title and ownership. And we did that a number of years for different reason at Ravenna State Recreation Area. It didn't go to Ravenna, it went to Buffalo County and it was an interesting issue where a fellow started building a house. And we give farm easements through our park properties for

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agricultural purposes, but we don't give residential or commercial easements. Otherwise, people would put housing developments and then use our park roads to access them. So we don't allow that, but for farmers to get to their fields or cattle, we do that. Well, this person had an easement and it would go through our park and then through the fence and a gate and over to a cornfield. Well, that was an unmanned or unstaffed area, it was a satellite area and we have a number of those, and this is what can happen when you're not watching all the time. But pretty soon we noticed, and there was a row of trees and you couldn't really see into the field, but we noticed a lot of traffic, or one of our people that go and mow the area and so forth. Well, the person was building a house there with no residential easement. So we go, wait, you can't...you know, how are you going to get to your house? Oh, I'll just drive through the park. Well, no, you can't do that, because there's emergencies issues. We don't do snow removal year-round on park roads. If you have to get out in the winter for an emergency, we don't want to be liable, etcetera. And so they went to the county because the county could provide access to his residence. Well, for them to get there they had to cross a river, build a...it was a mess. So they came to us and we agreed if they would run that as a park, we would turn over the ownership to the county with the Legislature and that was surplus to the county. And so we've done that, that's the process that can happen. And so we're certainly open to that, whether it's a partnership part-time or whether they want ownership or what have you, and that's one of the options we'll probably look at. [LR107]

SENATOR CHRISTENSEN: I guess a little bit of the deferred maintenance, Senator Kopplin talked about it, is that (inaudible) in Champion one gate opens, one had a broken cable, and the boards they didn't get out. If they'd had that out, it never went over the top, we probably wouldn't have it drained and be having the problem we're having. And that's one of the reasons I touch on Senator Kopplin's comment about deferred maintenance. There's one that was very costly. And the other partnership I'd like to see, you know, yeah, because these trees weren't maintained like they were, now quickly after this damage they were in there and got them cleaned up. That's something

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that could have been done locally. And you know Charlie as well as I do. He done organize somebody within a week, they'd have had them trees out there free of charge to you guys if we'd have had that partnership set up better. [LR107]

ROGER KUHN: Yeah. [LR107]

SENATOR CHRISTENSEN: And that's the type of things I guess I'd like to look at. My last comment is, I guess, I like to look at Montana's vehicle registration. I'd love to see it like \$4 per vehicle. What would it take to not only maintain what we got but to get it to where we need to do the deferred maintenance? [LR107]

ROGER KUHN: Well, there's...I believe there's 2.1 million vehicles are registered in Nebraska. And I know...you know, that's total. Now understand generally when there's a tax on vehicle registrations, there's exemptions. So I don't, you know, it depends on how many exemptions there are and what type of...a lot of ag vehicles are exempted or ag equipment or government vehicles would be exempted usually. And so that would be watered down. But that's the grand total of vehicle registration. So you know, you can do the math. If there's \$4 on all vehicles that are registered, that would generate approximately \$8 million if they all were required to do that. But generally, and I know...I think Senator Schrock looked at that at one time. But there were some exemptions that he was looking into and I can't recall exactly. But I think the number then ended up like a million vehicles after exemptions. So it just depends on...but that's what, to my knowledge, is the number of total vehicles are registered in the state of Nebraska. [LR107]

SENATOR CHRISTENSEN: Thank you. [LR107]

ROGER KUHN: You know, and if you were going to... [LR107]

SENATOR LOUDEN: Other questions? Senator Fischer. [LR107]

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SENATOR FISCHER: Thank you, Chairman Loudon, and thank you, Mr. Donovan and Mr. Kuhn, for being here today. I just...I have some short questions. While I appreciate all the information you're giving us, if you could give me short responses, I'd appreciate it. [LR107]

ROGER KUHN: Well, I (inaudible). (Laugh) [LR107]

SENATOR FISCHER: Okay. That would be good. In your opening, Mr. Donovan, you mentioned that tourism is the state's third largest industry. Can you tell me what percentage of our GDP tourism brings in? [LR107]

NATE DONOVAN: I cannot, no. [LR107]

SENATOR FISCHER: Okay. I support our park system and I think we're very lucky to have it here in Nebraska. There is a problem in my area. I hear from Atkinson there's no mowing done there, but we'll talk about that later since this study is on park permits and financing. You brought up possible new sources of financing. The severance tax from mining, a boat fuel tax, and what was the second one they brought up? [LR107]

NATE DONOVAN: Pop tax, beverage tax. [LR107]

SENATOR FISCHER: Pop tax, what? [LR107]

NATE DONOVAN: Beverage tax. [LR107]

SENATOR FISCHER: Thank you. Senator Christensen just brought up Montana and motor vehicle registration. As I said, I support our park system and right now when you mention that it's supported by park permits and the lodging fees and the camping fees and also money out of the General Fund, the other three-fourths of the support for parks

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comes from what I like to call user fees. And I believe you said 27 percent comes from the General Fund. When you talk about motor vehicle registration, you're dipping into funding for highways in this state. And... [LR107]

ROGER KUHN: I'm well aware. (Laughter) [LR107]

SENATOR FISCHER: And you can imagine what my comments are going to be. (Laughter) Highways are funded completely by user fees. We don't dip into the General Fund for 27 percent of the funding for roads in Nebraska. It all comes from what I call user fees, which is fuel tax--and you mentioned a boat fuel tax, so that would have an impact there--motor vehicle registration, and sales tax on motor vehicles. So I would have problems with some of the possible new sources that you mentioned for funding. Also on your severance tax for mining, do you know where that money goes currently? [LR107]

ROGER KUHN: No, I don't. Does it go to schools? [LR107]

SENATOR FISCHER: I believe, from our tour yesterday, I think it goes to the General Fund. That's sales tax now and I think it was \$1 million or \$2 million we heard yesterday that goes to the General Fund. So I see that as a problem. So back to the study here, I guess I would have a problem eliminating park fees. And if you could give me just a short response where you are on that with your permits, because right now it's, what, 22 percent of your income. If you could give me, if you feel comfortable in where you are on eliminating those park fees. [LR107]

ROGER KUHN: Well, first of all, a lot of those tax ideas were what other states do and we're not trying to suggest, they're just what other states have done. But as far as the park permit elimination, you know, that's a decision of the Legislature obviously. We're at the lid, \$20 is the max we can go, you know, right now without new legislation. We're the cheapest in the country out of 37 states. So I don't think it makes it unaffordable

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necessarily. And the pros and cons that are in your packet, and there's probably a lot more pros and cons than listed, you know, depends who you talk to. But we tried to identify the good and the bad of eliminating the park permit. And that probably gives our best explanation of our thoughts on the park permit elimination. I guess one concern I would have when I first saw the LR, if we were going to just replace the park permit dollar for dollar with an alternative funding source, that would concern me greatly because I think free park system means a lot more people and a lot more demand, which means more resources to take care of those people on our park system. You might not have as much ownership, respect of our park system, this type of thing. So I think if you're going to go to the trouble of coming up with alternative or additional funding sources, you know, make it worthwhile for into the future to take care of these state facilities and treasures. That would be my comment, I guess, on it. [LR107]

SENATOR FISCHER: If you were going to suggest an increase instead of an elimination, an increase in park fees since Nebraska is at the bottom or the lowest on park fees at \$20, just as a comment, what do you think would be a reasonable amount to charge for a park permit? [LR107]

ROGER KUHN: I don't know, (inaudible)... [LR107]

SENATOR FISCHER: And you can do a daily. [LR107]

SENATOR CHRISTENSEN: Senator Fischer has these hard questions. [LR107]

SENATOR FISCHER: Oh, I'm a good person. (Laughter) [LR107]

ROGER KUHN: Yeah, yeah. [LR107]

SENATOR FISCHER: Now you can do a daily, can't you now? [LR107]

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ROGER KUHN: Yeah, we have a daily... [LR107]

SENATOR FISCHER: And how much is a daily? [LR107]

ROGER KUHN: It's \$4 per vehicle. And I think it's important to point it out, it's per vehicle, it's not per person. [LR107]

SENATOR FISCHER: Right. Okay. So if you kept it \$4 daily, what do you think would be reasonable if you were going to increase that \$20 to what for a year? [LR107]

ROGER KUHN: I wouldn't go much more than \$25 at the most. And the reason I say that, when you say if you leave the daily at \$4... [LR107]

SENATOR FISCHER: Yeah. [LR107]

ROGER KUHN: ...I think you got to be real careful there of getting your ratio too broad. I feel a 5-1 ratio is fair and the best. We were at \$17 and \$3 recently, which was almost a 6-1 ratio. And for whatever reason...and we used to be years ago at \$10 and \$2, 5-1 ratio. And it seems like...you know, our goal, of course, is to sell the annual park permit. That would be what we like to sell because what that does is it gives us more funding up front that's invested, grants interest for financial reasons. But also, people come back to the park, which is good. If they have an annual permit, they tend to see it on the windshield and they think, oh, I'm going to go back out to the park. Dailies, you may not come back. So I wouldn't go much more than...I'd keep it 6-1 or less; 5-1 is ideal to me. So if you went to \$25, I'd like to see the daily go to \$5. [LR107]

SENATOR FISCHER: Parks with swimming pools and horseback riding, is that extra when people are there? Do they have to... [LR107]

ROGER KUHN: For those activities it is, um-hum, yeah. [LR107]

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SENATOR FISCHER: Okay. You mentioned, maybe you didn't mean to say it this way, but that you'd have to dip into the bank account to maybe pay for some things. How much is in your bank account? [LR107]

ROGER KUHN: We have been dipping into it and it gets dangerously low. We have a budget of about...well, I think it's, this current figure is just starting last July, I think about \$19 million. Our park cash fund balance, and usually this happens in the wintertime, you know, when it's the lowest, dipped to under \$3 million, like \$2.5 million. [LR107]

SENATOR FISCHER: What percentage of your employees are seasonal though, they're not there in the winter? [LR107]

ROGER KUHN: We hire, in the summer season, approximately 900 seasonal statewide. So it's a large percentage. We have 120 full-time positions currently filled. But you know, we've talked about our cash fund balance. And if you had...if we were to have a bad year, a rainy, tough year, visitation was down so our park revenues were down, we would be in big trouble. You know, you want to have a rainy day fund that I would like to see about 50 percent of our total operating budget, but that's...we're a long way from that. [LR107]

SENATOR FISCHER: That would be high, don't you think? [LR107]

ROGER KUHN: Well, you know, it just depends. You know, I'm probably a little... [LR107]

SENATOR FISCHER: Schools usually... [LR107]

ROGER KUHN: ...conservative in my thinking because I worry about, boy, if you have a tough year and you got to...you just don't have people coming out but you've still got all

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these things to take care of; mowing the grass, weed control, you know, everything and running, etcetera, maintenance. It'll erode quickly if you have a really bad year. And since we're very seasonal, you got a three- or four-month season to make it, if...you know, and generally that's not going to happen. But if you did, you just have some troubles with a \$3 million or \$4 million balance. [LR107]

SENATOR FISCHER: And then finally, if you know what these other states, what this stuff is, what this means, in Arkansas, they're funding with a conservation tax. What's that? [LR107]

ROGER KUHN: That's one-eighth of 1 percent of their sales tax. [LR107]

SENATOR FISCHER: Okay. Colorado, they have a GO, I assume it's GO Colorado... [LR107]

ROGER KUHN: That's lottery money, lottery funds. [LR107]

NATE DONOVAN: That's the counterpart to the Environmental Trust. [LR107]

ROGER KUHN: And down under the note, Senator Fischer, it says receive, well that...yeah, never mind, that's nothing. But that's lottery money, the GO CO. [LR107]

SENATOR FISCHER: But it just goes for acquisition and capital, right? [LR107]

ROGER KUHN: Uh-huh. [LR107]

SENATOR FISCHER: Okay. I noticed a few states, Indiana was one, I think there were a couple others as I was glancing through your handout, they received federal funds. Does Nebraska receive federal funds? [LR107]

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ROGER KUHN: No, and I don't know what that funding mechanism is. We do not receive federal funds for operating budget. So I'm not sure, because of (inaudible) something I can check into. So, yeah, it was a good question. [LR107]

SENATOR FISCHER: This is just for their park system, correct? [LR107]

ROGER KUHN: Right, yeah. And it's interesting to note, I just couldn't believe that number. Their full-time employees for 24 parks and 61,000 acres. [LR107]

SENATOR FISCHER: Yeah. (Laugh) [LR107]

ROGER KUHN: But it's funny. You'll see states that I think is...it's interesting. Homestead National Park down in Beatrice has 12 full-time people, you know. And it's like wow, you know. In Fort Rob, we have seven. Now I don't, you know, and we do all right, we get by. But it's...but some of these states and some of these full-time positions, it's...like I say, it's not real consistent. [LR107]

SENATOR FISCHER: Thank you. And I do commend you on the shape that our parks are in, for the most part, how you do have a small number of employees that are able to operate them. So thank you very much. [LR107]

ROGER KUHN: Thank you. [LR107]

SENATOR FISCHER: Keep away from my road money. (Laughter) [LR107]

SENATOR LOUDEN: At this time, in all fairness, I should point out that Senator Fischer is Chairman of the Transportation Committee. (Laughter) Senator Dubas. [LR107]

SENATOR DUBAS: Thank you, Senator Louden. Thank you, Mr. Donovan and Mr. Kuhn, for being here. You've really given me a lot of good information to process. Do

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you have the data as far as how many residents versus nonresidents use our parks?
[LR107]

ROGER KUHN: Yeah. It's estimated. We estimate approximately 25 percent of visitation are nonresidents. You know, like at Fort Rob yesterday, talking to Mike over there, it's probably closer to 50 to 60 percent there; McConaughy is 70 percent; but statewide, probably 25 percent. [LR107]

SENATOR DUBAS: Okay. I, too, think that our citizens and visitors to the state get a huge bargain when they come and visit our parks. I don't think that I would be supportive of eliminating this fee. I think it's something that they do take some ownership with. And so, you know, I could see not having a problem raising these fees. There's just a couple of states in our area that have a nonresident fee versus a resident fee. And looking at those states, I don't think it probably hurts their tourism industry by doing that. [LR107]

ROGER KUHN: Well, you know, I've talked...it's kind of interesting. Maybe four or five, I don't know--Jody, you might...but three or four years ago, we had the authority to charge a nonresident park permit fee. The Legislature gave us that authority the last time. And we can charge \$25 for an annual, \$5 for daily, for nonresidents. Now we talked about that at the board of commissioners and so forth. We elected not to exercise that authority for a couple reasons. One is, we checked with other states and it was interesting to me, there was very few states that had a nonresident park permit requirement a few years ago. I think there was two. And the feedback we got was their tourism department primarily and the tourism industry there, when you got local bait vendors and tackle stores and so forth, they think that delivers a horrible message, that we're going to charge you more and you're not welcome and this type of thing. And that's the answer I got. The other thing is, from an enforcement point of view, it just adds more work to enforce it. And for \$5 more, you know, it generates some additional revenue, but you also got some additional cost. Now you got to print two sets of books,

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you got to administer an account for two sets of books, you got to enforce two sets of park permits. It can be done, but there's additional costs associated with it. So that's why for \$5 more it felt like, well...and if you go a bigger spread, is that going to send a bad message or signal? And then other states are going to try to pay you back or what have...you know, you get into that a little bit. So that's why we haven't exercised it. [LR107]

SENATOR DUBAS: Well, thank you for that information. [LR107]

SENATOR LOUDEN: The clerk would like to have you speak up. She's getting a lot of interference from outside. [LR107]

SENATOR DUBAS: Okay. [LR107]

SENATOR LOUDEN: So shout it out, I guess. [LR107]

SENATOR DUBAS: All right. I guess just in the limited amount of travelling that I've done around the country, you know, you have to pay for any sights that you go to see or things like that. And I just, again, think that our residents get a huge bargain for what our parks are. And so I appreciate the work that you've done. I enjoyed the tour at Fort Robinson last night. It really helped me visualize things a lot better. So thank you for the work that you do. [LR107]

ROGER KUHN: We have a committed staff. I mean, they're really dedicated, they really are. You know, I mean you see people at the Fort do what they do and they do it all the time. I'm really proud of them. They do a good job. [LR107]

SENATOR DUBAS: Thank you. That's all. [LR107]

SENATOR LOUDEN: Senator Wallman. [LR107]

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SENATOR WALLMAN: Thank you, Senator Louden, Chairman. Thank you, guys. What percent of your budget is spent for advertising, you know, promotion? You know, I get stuff from Minnesota, I get stuff from Missouri. Not from Iowa, but I mean, those other states, Arkansas. [LR107]

ROGER KUHN: Well, Missouri has got a lot of money with that sales tax. But you know, our department of tourism--and you've probably (inaudible) been exposed to this on their budget woes--trying to promote Nebraska outstate, it takes a lot of money. Within the Game and Parks Commission, advertising, we're very limited. We hired a person recently about a year and a half ago. One of their primary responsibilities is for marketing the agency, or Game and Parks. And we're currently in part of this process of figuring out our budget and priorities, is how to fund a marketing program because we don't have money to do that. We have an information education division that prints NEBRASKAland magazine, prints brochures for the parks. But they're not mailed out across state lines and advertised like you're talking about. So we're trying to get some funding for that as well. [LR107]

SENATOR WALLMAN: And on the second part of that, an infusion of capital in a hurry, have you ever thought about issuing lifetime permits like for \$100 or... [LR107]

NATE DONOVAN: Lifetime park permits? [LR107]

SENATOR WALLMAN: Yeah. [LR107]

ROGER KUHN: Well, we have...the problem we have, a little bit of the obstacle we have is the park permit, by law--and you know, of course that can be changed--but it applies to the vehicle, not the individual. And that makes it a little more cumbersome to deal with or work with. And that's one of the reasons, though, that's an option. I'm not aware of any states that have a lifetime park permit, though there's a lot of states that have

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lifetime hunt and fish permits. Again, there's just a difference in how that can be administered and usually it's the per vehicle thing that throws it into a monkey wrench. But yeah. [LR107]

SENATOR WALLMAN: But I was thinking like a card, like a Golden Age Passport for federal parks, national parks. We could have that for our state parks, I think. [LR107]

ROGER KUHN: You could. As long as it wasn't... [LR107]

SENATOR WALLMAN: I hate to get the fees too high. [LR107]

ROGER KUHN: ...funding-negative, you know, revenue-negative. That's the concern you always got to look at when you start looking at those type of deals. [LR107]

SENATOR WALLMAN: Thank you. [LR107]

SENATOR LOUDEN: Other questions? I have some for you fellows. As you just stated, those park permits are actually...it's a permit to put your vehicle in the park. It isn't a permit for a person to go in there. You can walk into a park without buying a permit. [LR107]

ROGER KUHN: Yeah. Parks are free for biking or walking in or if you're riding with somebody, you got in free, that had a park permit. You didn't have to pay, right. [LR107]

SENATOR LOUDEN: Right. But it's to get the vehicle in and out of there. [LR107]

ROGER KUHN: Yeah. [LR107]

SENATOR LOUDEN: Have you ever looked at other ways of selling park permits, perhaps over, nowadays, Internet service or some of those other ways like that that you

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could buy your permits otherwise, rather than...this is rather archaic, get a sticker and put it on the windshield on your car. I mean, we were doing that 50...well, hell, we were doing that during World War II to keep...so we'd had to buy license plates, you had to put your sticker in your window and that allowed you to buy tires and what other things. And that hasn't changed. Have you looked to see if there's some other ways that you could market these parks besides put your little sticky in the window? [LR107]

ROGER KUHN: (Laugh) Yeah, you can buy park permits on the Internet currently, as you can your hunt/fish permits. So you can buy them online or on the web. And they're not...they don't come out of your printer sticky. What you do with that is you print it out at home and it's good for ten days. You can put it in your dashboard and it'll be honored. Then we mail you a park permit to the address. You know, we check it every day on the web. And we'll mail you the park permit. I guess the park permit, you're right. I mean, it's the same thing we had when it was established in '79. And I suppose because it's worked pretty well as far as...I think it's, for enforcement it's very efficient. You know, you can go through a parking lot, you can go through a campground or what have you and you can see if they've got their park permit. These people leave their vehicles, you know, and so when the park permit, I think, was established...and Nebraska was one of the early states or first states to have a park permit if I recall correctly. And it was discussed, and I wasn't around then, but from what people have told me, it was discussed quite heavily. Most people were used to hunt/fish permits sold to the individual, so that was initially what was talked about. But from law enforcement, it was going to add such a workload to our game wardens and conservation officers' workload to go check each individual down at the swimming beach and they got their bikini or, you know, Speedo on. And where's your park permit? You know, I mean it was an enforcement issue. And so it evolved into going...applying to the vehicle. And I think enforcement had a big say, and at that time stickers were more commonplace. But to put it on the windshield and it was much easier to enforce or to check. And that's how it started and it's worked, you know, been that way ever since. Other ideas really haven't come up with any other ideas. I mean, you think, okay, how can you identify if that

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vehicle is paid or not? I don't know. I don't know if there's a better idea. I'd be all ears to it. [LR107]

SENATOR LOUDEN: Now is there any way that you can either have the county treasurer or somebody sell them so they could put them on your license plate alongside of your (laugh) little...most of our state license plates have two flat spots, one on each side. [LR107]

ROGER KUHN: Yeah, you could probably consider doing the sticker on the plate instead of the windshield. You know, that probably could be considered. It maybe wouldn't quite be as visible but it certainly...I wouldn't see why it wouldn't work, you know, thinking just on top of my head. That's a possibility. I think in Montana, I think...because it's optional that they do identify, and it might be on the plate, vehicles--I'd have to check into that--that, you know, are paid. But I'd have to check into that. I'm not sure on that. [LR107]

SENATOR LOUDEN: Now have you looked...has anybody...we've brought that up, oh, a year or two ago down in Nebraska City. Has anybody done any research on lodging tax? What would a lodging tax...how much revenue, or what would it have to be in order to generate some revenue in order to cover this entry permits instead of having a park permit? [LR107]

ROGER KUHN: I haven't. I know recently, you know, there's been ability for counties to do the lodging tax. And I know several counties have done that, and to create tourism dollars to promote tourism in their county. I couldn't tell you, but I could find out for you easily what a lodging tax might generate, you know, 1 percent or 2 percent or whatever it might be. [LR107]

SENATOR LOUDEN: Well, as you talk about it as being the tourism industry is the third largest industry, and I'm wondering if we should treat our Game and Parks as part of the

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tourism industry and work at it from that angle as rather than as your wildlife management and that sort of thing, is the question I have with that. Have you looked at...I see one of these states had a percentage of sales tax. Have you looked to see how much revenue something like that would raise? What is it? [LR107]

ROGER KUHN: Yeah. I believe... [LR107]

SENATOR LOUDEN: A half a percent, did I see that in here, a half a percent or whatever it was? [LR107]

ROGER KUHN: I believe the sales tax in Nebraska, I looked that up in '06 calendar year, generated \$1.3 billion. So if you took one percent of that...what is that, that would be \$13 million? [LR107]

SENATOR LOUDEN: Somewhere along in there. [LR107]

ROGER KUHN: Yeah, it would be \$13 million. So 1 percent of 1 percent would be \$1.3 million. So 1 percent would be \$13 million, because it's \$1.3 billion. [LR107]

SENATOR LOUDEN: The reason I asked about a sales tax, with Nebraska having 1.7 million people and the amount of money we have to use for upkeep and whatnot, it always helps with people coming through to help pay the bills. And that's...I mean, this is how Nebraska has survived for the last 150 years, is people travelling through Nebraska. I don't know if all of them stay, but they do travel through. And if they travel through, they got to buy something. It's a long enough state, they got to buy something. And of course, with our Interstate 80, that's quite a revenue source. And that's the reason I'm wondering if there's...whether we go to a lodging tax or a percentage of a sales tax or something like that, if it would generate enough revenue to take care of what you're doing. The next question I would have is, what does it cost you to sell the permits? You say your park permits, you get \$4.2 million. How much of that is cost to...

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[LR107]

ROGER KUHN: To print the permit and administer the permit? [LR107]

SENATOR LOUDEN: ...print them, to sell them? And now I have an idea that the people that would sell these are standing around selling them, but they're probably standing around anyway, whether they're selling park permits or just standing there passing out information. So you don't have to worry about taking (laugh) about changing any full-time employees because it... [LR107]

ROGER KUHN: There would be some cost savings obviously without the park permit. If we had no park permit, there would be some cost savings in printing. I could get you the printing cost, I don't have it off the top of my head, because we know what the printing cost is. As far as enforcement of the park permit, there's a fairly good load from our law enforcement division that go out in the summertime especially and enforce the park permit. [LR107]

SENATOR LOUDEN: Yeah, but are they there anyway? They enforce... [LR107]

ROGER KUHN: Yeah, that wouldn't save...they would be on patrol for fish, for other things anyway. It would save them time, but not cash or money. The printing would save you money, probably some labor, wouldn't be a lot. At some of the gate houses where we have manned gate houses at the big major parks where we do, you might could eliminate those. But those seasonal employees... [LR107]

SENATOR LOUDEN: But do you still have information booths at those same places?
[LR107]

ROGER KUHN: Yeah, or in the...they can go to office and get information, but we may still have some information booths at the busy areas on busy days. But you could

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reduce some of that work. So there would be some savings. It wouldn't be a large amount. I think, you know, it would, like I said earlier, bring more people in, which would probably offset any savings and add more cost. You know, but that ain't a bad thing. [LR107]

SENATOR LOUDEN: Of course, if you could...if you did a sales tax or a lodging tax and brought more people in, like Fort Robinson... [LR107]

ROGER KUHN: It would generate more money in the tax, you bet. [LR107]

SENATOR LOUDEN: ...you generate more money. [LR107]

ROGER KUHN: We pay lodging tax in our parks and our, you know, lodge rooms, cabins. We pay the lodging tax, too, so yeah, um-hum. [LR107]

SENATOR LOUDEN: Right. And I mean, this is...is this what we would...that's the reason I mentioned doing it true to this tourism, to find ways to generate more people to come and see them. We don't have the four faces or we don't have a Mount Rushmore. The best we have is Carhenge to bring people in. So if we had a park service that people could come in and use free, would we generate enough more money to make that...to offset some of our added expenses? [LR107]

ROGER KUHN: That's a good point, through the tax--sales tax and lodging tax. [LR107]

SENATOR LOUDEN: Yeah, by taking the park...by doing away... [LR107]

ROGER KUHN: Couldn't tell you, but more people would generate more tax base there, yeah. Couldn't tell you how many more people it would attract for sure, you know. It would be hard to say. [LR107]

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NATE DONOVAN: And for the record, Carhenge is a fine attraction. [LR107]

SENATOR LOUDEN: Pardon? [LR107]

NATE DONOVAN: For the record, Carhenge is a fine attraction. (Laughter) [LR107]

SENATOR LOUDEN: Anything that will bring 80,000 people through, I'm all for. [LR107]

ROGER KUHN: We're all good, yeah. But no, we have a good park system and we do get a substantial number of nonresidents that visit the park system. And you know, I think it's a great asset for the state. And if we do a quality job, I think you'll attract more people. I think it feeds on itself potentially. [LR107]

SENATOR LOUDEN: Is it possible for you to find out some of this cost? Can you do...yeah, you got people in there who work these computers. Can you do up a program on how much of a sales tax it would take to generate some money, given that you're going to have more people, given that it's going to generate more money? How much would a lodging tax have to increase? I mean, you can figure this off the barn door because on the lodging tax. But again, if you have your park system, if you have something that was bringing in more people, you have to maybe factor that in, too, I suppose. [LR107]

ROGER KUHN: I understand. [LR107]

SENATOR LOUDEN: Surely you got somebody around in your system there that's smart enough to do all that. [LR107]

ROGER KUHN: Yeah, yeah. One thing I would mention on the lodging, pretty much, our lodging is very popular currently. Lodging...and our occupancy rate is nearly 100 percent during peak tourist summer season. So I don't know that you would generate a

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lot more lodging because we're already full, you know, unless you build additional lodging. But you're already full at...you see what I'm saying? Now if you got more users during the offseason where we do have in the fall and earlier in spring, if you could attract people then, that would be additional lodging revenue for us. But in the summer, you know, our lodging is pretty well booked up. But when I mentioned parks being free to draw in more people, I was talking about more...probably more day-use people and more campers, tent campers, that kind of user, versus the cabin lodging user. But we can look into, you know, the more people and the different activities where we require sales tax and try to figure out how much that might generate. You know, it's tough to get a handle on if the parks were free, could we expect 20 percent more visitation. You know, what would be a number that...and we'd have to do a little research to see if there's some example of that in another state that maybe eliminated their park permit. Did their visitation go up? There has been park systems that have eliminated their park permit that maybe have those numbers that we might can get an idea or compare to. That would be... [LR107]

SENATOR LOUDEN: Where you would lose out would be like Walgren Lake or someplace where all it is is a place to go fishing. You've got to buy a park permit in order to fish and there's no lodging there other than what you haul in with you. [LR107]

ROGER KUHN: No, right. [LR107]

SENATOR LOUDEN: Those I understand would be...another thing that I think would be interested in, is if there has been some work done on other ways of doing a park permit. I mean, I have no problem with the park permit. I know we'll have a terrible problem when you want us to raise it above \$20 again, because I've been down there (laugh) for two years. And as long as there's one senator from Omaha still there, why, you'd probably better wait. [LR107]

ROGER KUHN: I've been going through there about 20 years on that issue every time...

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[LR107]

SENATOR LOUDEN: And every time, I mean, it takes three days to raise that fee and it usually never gets raised the full amount that you want because of the negotiation. Anyway, I still don't have a problem with park permits to fund them. But I do have a problem thinking that there surely is a better way to sell them. [LR107]

ROGER KUHN: Display them or sell them. [LR107]

SENATOR LOUDEN: Or display them or something, rather than just stick them in the windshield. Because I hate to take a razor blade and peel them suckers out of there. (Laughter) I mean, this has to be a better way with technology nowadays. So other questions for the boys? Senator Kopplin. [LR107]

SENATOR KOPPLIN: Yes, thank you. In listening and looking at the figures, we can talk about eliminating the park fee and replacing it with something else. But that's just your operating budget. We still haven't done anything for park improvements or delayed maintenance or anything. That number still sticks out there. Is there a way to fund that other than simply saying we have to go to Appropriations to get enough money to take care of our parks? [LR107]

NATE DONOVAN: I'd say maybe some of the alternative sources we're talking about, maybe those could be dedicated. If you wanted to go to those sources, they could be dedicated to capital construction and maintenance. [LR107]

SENATOR KOPPLIN: But if you...even if you dedicate it, you're not talking about huge numbers of money. I mean, let's have a ten-cent burger tax. Nobody is going to care or notice if they're paying a dime more for a burger. But you're still only bringing in a certain amount of money. And we're talking about some huge monies that we need to find. And I'm just having trouble with looking at trying the little piecemeal things to pay

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for things that we owe the state to pay for. [LR107]

ROGER KUHN: You know, I don't think there's...you know, you're not going to handle the \$27 million backlog the next year or two. It's going to take a long time. And that's why...I mean, it's great that we're taking a look at this, because it's needed. The answers are difficult and then you're asking a tough question on where do you go to get the kind of money necessary. And it's going to be something you chip at over time. And we have programs in our parks, you know, Fort Robinson, where we would like to recycle everything on a regular basis if we had the budget. And you know, we don't. But we attempt to do that. Whether, you know, a hot water heater's life expectancy is such and such. Whether it needs replaced or not, there's a lot of programs out there that just replace it, just to stay ahead of it, just to be on top of it. We've fallen behind that curve and thus, where we're at. And to catch back up or to attack it is going to take some kind of funding mechanism, and there's a lot of options out there. There's ten-cent hamburger...whatever. At one time, this agency made a run at a beverage tax, pop tax before. And it missed by one vote. This was like in '78, I think, 1978 or something. I tried to find one of those pamphlets. There was a pamphlet on it and it was well put together and well thought out. I mean, I was, you know...and today the beverages are, you know, a bottle of water, you didn't have any of that back then. It was mostly just pop. But it lost by one vote and it was for a park system. And I think at that time it was going to be for the development of a park system because it was dirt roads. I think we're at a new era now of maintenance. And so that's, you know, ten-cent hamburger, beverage tax, whatever it might be, you got to have some kind of game plan. And maybe it's a deal and it's a window. You're going to attack this over a ten-year period and you set up...we're going to have this dedicated funding mechanism for ten years and it's going to generate \$3 million a year, whatever the number is, to at least make a run at this \$27 million backlog. And we'll see how well we do at it. Within a year, if we're doing good and everyone is happy with it, it's renewed. If not, okay, we do something maybe that, you know, some option like that. But it's not easy to come up with the answer. [LR107]

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SENATOR KOPPLIN: The problem to me in chipping away at this, while we're chipping away, bigger chips are coming in. [LR107]

ROGER KUHN: Well, a lot of states attack this problem, it's not new to us, through bond issues. They hit it all at once. They'll say, okay, we're going to commit \$20 million to attack identified priorities and let's pay it off over time. I know some states have attacked that for development for their park system as well. And you got to put a pencil to those kind of things and see, as Senator Louden pointed out, if you take care of these things, what kind of revenue can they generate that maybe can go back into the pot to pay off the bond and what kind of commitment does the Legislature of the state want to make? That's something Nebraska has never done for the park system or with the park system. That's a big commitment, that's a big decision. But there are a lot of states that have done it that way. So that's another possibility. [LR107]

SENATOR KOPPLIN: Okay, thank you. [LR107]

NATE DONOVAN: Just a clarification, Senator Louden, on the on the lodging tax information. Were you talking about a statewide, all types of lodging, or just lodging with in the state park system? [LR107]

SENATOR LOUDEN: No, (inaudible) statewide lodging tax system. I think it, to me, if tourism...I think it should be promoted like our tourism. And we, like you say, LB726, which I introduced the first year I was down in the Legislature, and now the counties are getting on that. And there's some of them made out like Chinese bandits over it. [LR107]

ROGER KUHN: It's working pretty well. [LR107]

SENATOR LOUDEN: And when we first brought it up, we were told that nobody was going to stay in Nebraska because they were going to have to pay 2 percent more for their room. And I don't think anybody even noticed, especially when you go someplace

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and... [LR107]

ROGER KUHN: They ought to visit some other...yeah. [LR107]

SENATOR LOUDEN: We paid, what, \$60 for rooms in Valentine or something like that. The week before when we was in Boston, what were they, \$289? And I mean, you know, when people come from some other states and they can stay for \$50 or \$60 or \$70 a night, they don't even look at that 2 percent. So...and this is outside money that's coming in to help us out. And this is what I think we need to look for. [LR107]

ROGER KUHN: Sure. [LR107]

SENATOR LOUDEN: Any...Senator Fischer. [LR107]

SENATOR FISCHER: Thank you, Chairman Louden. If I could just follow up on that lodging tax, I think that's a good idea. The state has a lodging tax now. Do the parks pay into that? [LR107]

ROGER KUHN: Yes. [LR107]

SENATOR FISCHER: Thank you. Does...if counties have the lodging tax also, do the parks...then they pay to the county lodging tax portion also? [LR107]

ROGER KUHN: Yeah, we pay all lodging taxes to county and state, yes. [LR107]

SENATOR FISCHER: Could you possibly look into...since you are paying that to the state, it will give you the information. If you can look into what a half a percent or one percent would bring in to the parks, if there's a dedicated funding source from the lodging tax for lodging within the parks. You're not going to get lodging tax from anybody else in the county, but only from your 100 percent occupancy during the busy

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months. If you can get us some numbers maybe on what a half percent, percent would be, if Game and Parks could charge that for lodging in the parks and also figure out what the camping would be, because I think the total was like \$6.6 million that you're receiving from the lodging and the camping. So if you can get those two numbers separately to us, that would be interesting to see and that would be possibly something I could support. It would be more difficult for me to support some of the other ideas that have come up on dedicated funding from any sales tax. [LR107]

ROGER KUHN: Yeah, I can look here. I can look here. Lodging, you know, as gross revenue for lodging in the park system for fiscal year '06-07 was \$3.9 million. [LR107]

SENATOR FISCHER: Right. [LR107]

ROGER KUHN: Camping was \$2.7 million. So you're right on target with \$6.6 million total for both. One percent of that would be \$66,000. Is that right? [LR107]

SENATOR FISCHER: So it's not much... [LR107]

ROGER KUHN: No. [LR107]

SENATOR FISCHER: ...but it would add up. A problem with bonding, the state usually doesn't get into bonding, which I think is a wise decision, first of all, because you're just deferring the pain until later on when you have to pay it. Cities can bond now for certain things and there's been problems with that. And also it affects property taxpayers. So I'd have a problem with bonding. With the Environmental Trust Fund, I know Game and Parks receives money for different projects that they're doing. Under the guidelines of the fund, can Game and Parks get money for maintenance? [LR107]

ROGER KUHN: No, not for structural facility maintenance. [LR107]

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SENATOR FISCHER: For construction, capital construction? [LR107]

ROGER KUHN: No. The only example of that, Senator, would be the Environmental Trust did support a development of a green cabin, environmental cabin, as they did with the nature center like at...oh, one of the Audubon properties they did the same thing with green construction. They did that with one cabin that we're doing at Ponca. That would be the only type. It has to be tied into, you know, environmental or green-type development. And...well, Mark was here, he could probably shed more light on that. But otherwise, no, I don't know of any other... [LR107]

SENATOR FISCHER: I'll have to visit with Mr. Brohman about that. But I would think our park system would qualify in many different ways for funding from the Environmental Trust. But I'll look into that later. Thank you. [LR107]

SENATOR LOUDEN: Other questions? Seeing none, thank you. [LR107]

ROGER KUHN: Thank you. [LR107]

SENATOR LOUDEN: Appreciate your testimony and your input... [LR107]

ROGER KUHN: Thanks for your interest, appreciate it. [LR107]

SENATOR LOUDEN: And this batch of information you gave us. Very useful, thank you. And the next testifier, any more testifiers in? If not, then I guess we end the hearing on what, LR107? And with that, thank you all for being here today. [LR107]