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Transportation and Telecommunications Committee
October 07, 2009

[LR152 LR154]

The Committee on Transportation and Telecommunications met at 3:00 p.m. on Wednesday, October 7, 2009, in the City Auditorium Community Room in Fremont, Nebraska, for the purpose of conducting a public hearing on LR154 and LR152. Senators present: Deb Fischer, Chairperson; Kathy Campbell; Galen Hadley; Charlie Janssen; Scott Lautenbaugh; and LeRoy Louden. Senators absent: Arnie Stuthman, Vice Chairperson; and Tim Gay.

SENATOR FISCHER: Welcome to the Transportation and Telecommunications Committee. We're having interim study hearings. We have been traveling the state. We started out a couple weeks ago in Kearney, North Platte, Scottsbluff, and Alliance. This morning we were in Columbus. This afternoon we're in Fremont. Tomorrow we're in Papillion, and we also had a meeting in Lincoln. And I think it's quite appropriate that this committee travel. After all, we are the Transportation Committee and so this gives us a chance to be out on the roads to bring our committee, our senators to you so you have a chance to express your concerns to us. It's not always easy to make it to Lincoln for hearings and I think it's very important that state senators are accessible to all people in the state. So I thank you for being here today. My name is Deb Fischer. I am Chairman of the committee. I am from Valentine, Nebraska; I represent District 43. On my far right is Senator Charlie Janssen. He is your senator here in Fremont and does a great job for you and for the whole state on the committee. Next, we have Senator LeRoy Louden from Ellsworth, Nebraska. Next, we have Senator Scott Lautenbaugh from Omaha. On my immediate right is Dusty Vaughan, who is our legal counsel. On my immediate left is Senator Kathy Campbell from Lincoln, Nebraska. Next, we have senators Galen Hadley. He is from Kearney and he made it here to Fremont without a flat tire. He is didn't have that (laughter) to get to Columbus this morning. []

SENATOR HADLEY: You have great roads compared to Norfolk. (Laughter)

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SENATOR FISCHER: And on the end we have our committee clerk, Laurie Vollertsen. I would like to say we're somewhat informal when we do have an interim study when we do have interim study hearings, but we do have rules to follow. There are sign-in sheets if you wish to offer any testimony before the committee, and those are the yellow sign-in sheets over here. Before you come up to testify before the committee, I would ask that you hand your sheet to Laurie, our committee clerk, and then when you begin your testimony say your first and last name, and I would appreciate it if you would spell your last name for us also. Since this is an interim study hearing, we do not take proponent or opponent testimony. These are study resolutions and we are here to listen to you. We're here to see what your ideas are, your suggestions on the proposals that we are spending time studying during this interim period before our regular session starts. I would also ask that you limit your testimony, try to anyway. We are using a light system. We'll give you five minutes to offer testimony. You'll see a yellow light come on after about four minutes, and when the red light comes on I would ask that you try and complete your testimony at that time. We do open it up to the senators for questions at that point, so don't run off from the podium because we may have some questions for you. I would also ask that you turn off your cell phones. We don't allow cell phones on in the committee hearings nor during the interim study hearings that we have. We like to show respect for the speakers that are presenting their testimony and ideas and for all of us here who are trying to listen. So with that, I would ask Senator Janssen, we'll go ahead and open the hearing on LR154 and Senator Janssen, would you please introduce your resolution? [LR154]

SENATOR JANSSEN: Senator Fischer, members of the Transportation, Telecommunications Committee, for the record, my name is Senator Charlie Janssen, C-h-a-r-l-i-e J-a-n-s-s-e-n. I represent Legislative District 15 in the Nebraska Unicameral. Like to welcome you here to Fremont today. Glad we had a great lunch here. I see we're joined by the mayor of Fremont, Skip Edwards, today as well, as we were in Columbus this morning, and you're welcome to stick around after the hearings as well. LR154 is an interim study to examine the need for age-appropriate and

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size-appropriate booster seats on school district vehicles. Current Nebraska revised statute requires that any person in Nebraska who drives any motor vehicle which has or is required to have an occupant protection system shall ensure that (a) all children up to six years of age being transported by such vehicle use a child passenger restraint system of a type which meets Federal Motor Vehicle Safety Standard 213 as developed by the National Highway Traffic Safety Administration, as such standard existed on January 1, 2009, and which is correctly installed in the vehicle. Federal Motor Vehicle Safety Standard 213 is United States Department of Transportation National Highway Traffic Safety Administration's requirement for child restraint systems. Child restraint systems include both infant carriers and booster seats. The Nebraska Department of Education Pupil Transportation Division, on its Web site page examining Nebraska child passenger safety law, offers this information in response to the question of what's the effect of this law on pupil transportation vehicles. The response: All a pupil transportation vehicle fitted with seat belts must be equipped with a child-appropriate restraint systems when transportation of children up to age six. School buses, except Type A buses, are not required to be equipped with seat belts. However, if a bus is fitted with seat belts, appropriate child restraint systems must be provided for children up to age six. The department's pupil transportation guide revised on July 9, 2009, also lists the requirement that children under the age of six must be seated in a child protection system when the pupil transportation vehicle is equipped with seat belts. Rule 92 of the NDE's rules and regulations dealing with equipment standards and safety inspection criteria states Type A buses shall have seat belts/occupant protection systems for all passengers and shall comply with the FMVSS in effect on date of manufacture, in effect on date of manufacture. In Type A buses, children shall be required to use child passenger restraint systems or occupant protection as required by current statutes. A Type A school bus, according to the "School Transportation News," consists of a bus body constructed upon a cutaway front-section vehicle with a left side of the driver's door, designed for carrying ten or more persons. I know you have a graphic of that for the committee. The Nebraska Department of Education does not separate out Type A buses from other vehicle statistics, so it's unknown how many school district vehicles

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presently have Type A buses and must use child restraint systems. We do know that according to the Department of Education School Finance and Organizational Services Division's most recent census, Nebraska had a statewide total vehicle count of 4,743 vehicles with a total capacity available for transportation of 164,252. Nebraska school districts have 1,850, quote, small vehicles, defined by the department as having a capacity of ten or less, not including the driver. These figures include both public and private school districts. Statewide, our school districts transport students over 28 million miles on regular routes. An additional 12 million miles are covered for activities and other trips. There are 37,200 actual eligible students transported, 24,459 actual other students transported, and 3,078 nonpublic students transported using the Nebraska Department of Education's terminology. While we do not have specific breakdowns, like grade level, regarding transportation figures, we do know that at the last available census Nebraska had 330,000-plus students in public and private schools. Of that total, 14,245 were in prekindergarten, 25,835 were in kindergarten, and 24,980 were in the first grade. The National Highway Traffic Administration's official guidance on booster seats is once children outgrow their front-facing seats, usually around age four or 40 pounds, they should ride in a booster seat...should ride in booster seats in the back seat until the vehicle...until the vehicle seat belts fit property. Seat belts fit properly when the lap belt lays across the upper thighs, the shoulder belt across the chest, usually at the age of eight or 4'9" tall. In my kid's case, he's six and he's already close to 4'9" tall. While efforts have been made on both the state and federal levels to reduce injury and death on our roadways, the NHTSA research published in August of '07 revealed that about 350 children age four to seven die in traffic crashes each year, and about 50,000 are injured. Half of those who die are not in any type of restraint: child safety seats, booster seats, or seat belts. The Centers for Disease Control and Prevention, CDC, citing NHTSA research, reports that placing children in age-appropriate and size-appropriate car and booster seats reduces serious and fatal injuries by more than half. The research clearly points out that booster seats are an effective way to reduce injury and death for children who are not yet the proper height and weight for regular seat belt use. We have a proposal in our committee to require seat belts on school

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buses, Senator Harms's LB255. Five states currently--California, Florida, Louisiana, New Jersey, and New York--have seat belt requirements for school buses. If this policy is adopted, we should be aware that child restraint systems could be required for students up to age six in Nebraska. The policies of other states around the country are similar to ours. Most only require booster seats for school district and other vehicles less than 10,000 pounds that are already equipped with seat belts. According to the Governor's Highway Safety Association, 47 states require booster seats for children who have outgrown their child safety seats but are still too small to use an adult seat belt safely, but nearly all these states exempt school buses or other vehicles over 10,000 pounds. It is our job as policymakers to investigate the benefits of increased safety for our constituents. As new research becomes available and improved safety measures are readily available for better and safer transportation, it is incumbent upon us to investigate the merits of requiring new safety features. There would be increased costs and challenges for our school district personnel if age-appropriate and size-appropriate booster seats were required. Booster seats generally cost between \$50 and \$200 each. It is my hope that this interim study might provide insight into whether this idea should ultimately be enacted in law or not, and I thought this type of hearing would be a great chance to hear both sides, even though we don't take opposing or proponents on this. So with that, I'll answer any questions and apologize for the voracious use of acronyms in my opening statement. [LR154]

SENATOR FISCHER: (Laugh) Thank you, Senator Janssen. Are there questions?
Senator Campbell. [LR154]

SENATOR CAMPBELL: Thank you, Senator Fischer. Just a quick question, Senator Janssen. Did you say that five states have requirements for the booster seats? Did I hear you correctly? [LR154]

SENATOR JANSSEN: Currently. Currently. [LR154]

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SENATOR CAMPBELL: Currently, okay. [LR154]

SENATOR JANSSEN: According to our research, we have five states and those are California, Florida, Louisiana, New Jersey, and New York, although it's not really...you don't often ask quick questions. I thought Senator Hadley asked the quick questions. [LR154]

SENATOR HADLEY: I was going to say Senator Fischer used that same thing and everybody is taking over. Senator Fischer did this morning, now Senator Campbell. [LR154]

SENATOR FISCHER: We try. I thought it was five states that had seat belts in school buses. Do you know if any other state has booster seats? Was your question for boosters? [LR154]

SENATOR CAMPBELL: Booster seats. [LR154]

SENATOR JANSSEN: Oh, and that might very well be. [LR154]

SENATOR CAMPBELL: Just exactly... [LR154]

SENATOR JANSSEN: I'm not certain. [LR154]

SENATOR FISCHER: Okay. [LR154]

SENATOR HADLEY: Just a quick question. [LR154]

SENATOR FISCHER: Senator Hadley. [LR154]

SENATOR HADLEY: What you're saying, though, you have to have the seat belts to

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use the booster seats. Isn't that...is that correct? [LR154]

SENATOR JANSSEN: As I currently understand it, yes. [LR154]

SENATOR HADLEY: Okay. Just wanted to be sure. [LR154]

SENATOR JANSSEN: Thank you. [LR154]

SENATOR FISCHER: Thank you. At this time, I would invite anyone to come forward who would like to provide us with information on this interim study. Is there anyone here who would like to address the study? I see none. With that, I will close the hearing on LR154 and I will open the hearing on LR152. And, Dusty Vaughan, would you give the opening, please? [LR154]

DUSTY VAUGHAN: Thank you, Senator Fischer and members of the committee. For the record, my name is Dusty Vaughan, spelled V-a-u-g-h-a-n, and I am the legal counsel for the committee. LR152 is introduced to conduct a comprehensive exam of our highway funding structure and to analyze any possible alternatives. I don't think there's any question that we're in a highway funding crisis right now, but just to give the audience a little bit of background to where we're at, I'd like to make a few points. In addition to system preservation, Nebraska has many capital expansion projects that are currently being put on hold due to inadequate funding. We've talked about the seven highest priority state projects that cost roughly \$730 million, and right now only two are being worked on, that being the interstate expansion between Omaha and Lincoln and the Wahoo bypass. As these projects sit on the shelf, the cost goes up through inflation and other construction price increases. The second point I want to make is Nebraska is at the point where even current funding is inadequate to preserve the current highway funding system. Department of Roads estimates that it costs \$286 million to preserve the current system, and they are estimating that we will be at a \$300 million construction program level next fiscal year. So you can see that we are very close to reaching that

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point where we won't even be able to fund our current system. Three, the local governments, because Nebraska employs a revenue-sharing structure with the local governments, they are in the same predicament as the state. We've talked about how there are many local subdivisions that rely exclusively on the highway allocation fund to fund their highway, so as long as the state has this problem, many of our local governments will have the same problem as well. And the last point I want to make is Nebraska's historic reliance on the gas tax to increase funding through increased consumption is a thing of the past. We talked about how there are...we have more fuel-efficient, cheaper vehicles. We've talked about how the federal government has raised the miles-per-gallon standard on car manufacturers and that consumption is just down because people are driving less due to economic conditions and other things. So this is not to...this is not to say that the gas tax doesn't have a place in our funding structure, just that maybe it needs to be altered to some new form to fit our current situation. With that, Senator Fischer, I'll turn it back to you. [LR152]

SENATOR FISCHER: Thank you, Dusty. At this time, I would ask if anyone has any testimony to present to the committee that you please step forward. [LR152]

JEREME MONTGOMERY: Good afternoon. [LR152]

SENATOR FISCHER: Good afternoon. [LR152]

JEREME MONTGOMERY: (Exhibit 1) My name is Jereme Montgomery, M-o-n-t-g-o-m-e-r-y. I am the executive director for the Nebraska Concrete and Aggregates Association. I'm here to testify on just really a few good talking points that I wanted to bring to the committee. First of all, on a national level, highways are vital to our state's economy, our quality of life, and safety of motorists and passengers. According to a study conducted by the Federal Highway Administration, \$100 million spent on highway safety improvements will save 145 lives over a ten-year period. Nationally, traffic congestion costs American motorists \$78.2 billion a year in wasted

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time and fuel costs. Americans are spending about 4.2 billion hours a week study in traffic. Highways are crucial to our economy. For every \$1 billion spent for highway construction, more than 30,000 jobs are generated annually. Every dollar invested in the highway system yields \$5.40 in economic benefits to our nation because of reduced delays, improved safety, and reduced vehicle operation costs. Driving on roads in need of repair costs American motorists \$67 billion a year in extra vehicle repairs and operating costs. On a state level, there are approximately 96,000 miles of highways and public roads in Nebraska; approximately just under 10,000 miles are highways on the state highway system; the difference is the responsibilities of cities and counties--approximately 86,000 miles. The 2008 Needs Study program showed that the Roads Department would need to spend over \$8.2 billion in today's dollars over the next 20 years to bring the entire state highway system up to the Needs Study criteria. Nebraska's highway system is paid for totally by highway user taxes and fees. Of course, you know the four major sources of revenue are gasoline tax, special fuel tax, motor vehicle registrations and related fees, and sales tax on motor vehicles, trailers, and semitrailers. It is also important to remember that Nebraska's major highway user revenue is shared between state, counties, and cities. The Nebraska Concrete and Aggregates Association, in conjunction with the Nebraska Concrete Paving Association, feels it is crucial to protect the integrity of our Highway Trust Fund and support Senator Deb Fischer and the committee and LR152 to examine and recommend alternatives to fund our highways. [LR152]

SENATOR FISCHER: Thank you, Mr. Montgomery. Are there questions? I thank you for your support. What do you suggest or where do you suggest we need to look for revenue? You made... [LR152]

JEREME MONTGOMERY: (Laugh) I think that's the at hand and I think that's the question we would like to hear from the committee on where we generate some of those revenues. I think he had a good point on the gas tax. I think it's important to take a very hard look at that to see what we can generate, if there needs to be a gas tax increase,

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because he had some very good points of more economical vehicles, people are traveling less and so we cannot rely on that solely and entirely. You know, I don't know where we'd generate that money from, but I know that, as roads progress, as time passes, maintenance and repairs need to happen and if those maintenance and repairs don't happen it costs a lot more to bring that road back up to speed and make it safe for public transportation, which is an important part of that. [LR152]

SENATOR FISCHER: You mentioned the 2008 Needs Study and the \$8 billion for the program. That's without inflation? [LR152]

JEREME MONTGOMERY: I would have to look deep into that. I would assume it does not take in account inflation, if that's today's dollars. It could be a lot more than that. So I assume that's if we put \$8.2 million (sic) away today that we'd be able to pay for the next 20 years, and that's a very significant number. [LR152]

SENATOR FISCHER: Senator Hadley. [LR152]

SENATOR HADLEY: Thank you, Senator Fischer. Question on the maintenance and such as that: As we get more fuel-efficient cars, a lot of that is we get more lighter, smaller cars. Will that cut down on the amount of maintenance that we need on highways as time goes forward or is that... [LR152]

JEREME MONTGOMERY: I would think so, and the reason being is that when we design a road we...you take into account loads and basically the frequency of vehicles and the loads of those vehicles, and that will come up with your design criteria. If we reduce the frequency or if we reduce the loads, as your question, I would assume less maintenance will be needed,... [LR152]

SENATOR HADLEY: Okay. [LR152]

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JEREME MONTGOMERY: ...hypothetically speaking. [LR152]

SENATOR FISCHER: Other questions? Senator Louden. [LR152]

SENATOR LOUDEN: Yes, thank you, Senator Fischer. Well, I presume now do you do a lot of trucking or your association represents people that do a lot? [LR152]

JEREME MONTGOMERY: My association represents a lot of people that do trucking. [LR152]

SENATOR LOUDEN: Okay. And what's their position on a fuel tax, a diesel fuel tax or anything like that? [LR152]

JEREME MONTGOMERY: From the...I go to a lot of presentations and a lot of conferences and conventions. We are...we support a gas tax increase even though we have a lot of those trucks that hit the road. We understand the crucialness and the criticalness of maintaining our roads and keeping our roads at par, so we would support something like that. I've never heard an opposition to a gas tax increase from my association or from our industry in general. [LR152]

SENATOR LOUDEN: Now as you say you go to these conventions and that sort of thing, has anybody...we've had some suggestions to have a tire tax of some kind because in order to drive on the road you got to have tires. Has anybody at any of these conventions or anything ever talked about some kind of a tire tax or...? [LR152]

JEREME MONTGOMERY: No, not that I am aware of. I have not heard of that. [LR152]

SENATOR LOUDEN: Now do other states have a wheel tax on the vehicle from the state or just a city level? Are you familiar with any of that from your association? [LR152]

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JEREME MONTGOMERY: I don't know. I'd have to research that. [LR152]

SENATOR LOUDEN: With your aggregate now does your concrete trucks, like when they're in Lincoln, do they pay a wheel tax in order to get licensed? [LR152]

JEREME MONTGOMERY: I believe so. [LR152]

SENATOR LOUDEN: Like a car, do you know how much that is or anything? [LR152]

JEREME MONTGOMERY: No, I don't. [LR152]

SENATOR LOUDEN: I was wondering if it was more for trucks than what it is for cars or anything. [LR152]

JEREME MONTGOMERY: No, I don't know. I don't know. I would look into that. But I would assume that they do pay a wheel tax just to register the vehicles. [LR152]

SENATOR LOUDEN: Okay. Thank you. [LR152]

SENATOR FISCHER: Other questions? Thank you very much. [LR152]

JEREME MONTGOMERY: Well, thank you. Keep up the good work. [LR152]

SENATOR FISCHER: Appreciate your coming forward. Next testifier, please. Good afternoon. [LR152]

MARK POHLMANN: Good afternoon. My name is Mark Pohlmann. That's spelled P-o-h-l-m-a-n-n. I'm a member and a representative today of the American Council of Engineering Companies of Nebraska and certainly we appreciate that this committee

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has convened a series of interim studies. Times are tough and...but we also recognize the fact that neglecting the fundamental need for adequate transportation and how it transcends almost every facet of our lives is to put the state at a distinct disadvantage socially and economically. Our transportation system is not keeping up with ordinary demands. Our current funding system is producing flat, declining revenue for roads while, at the same time, inflation is eating away its buying power. More efficient vehicles are using reduced amounts of fuel while continuing to deteriorate roads and bridges at the same rate as before. So we need to develop a long-term funding mechanism to provide the needs, the needed funds to be an agreed-upon goal, and such a plan must be sustainable and adaptable so that road funding does not become an annual legislative battle. So we need a twenty-first century funding system. So clearly, we need new tools in the toolbox to sustain and fund transportation infrastructure both now and in the future. So first and foremost, we believe that the Highway Trust Fund must remain intact. Secondly, we need to determine our current or need to protect our current system of the variable gas tax. The variable gas tax system ensures that we deliver what we said we would so when we established the budget. Of course, this system provides for a periodic minor correction to account for the inherent variation in projecting gas tax receipts. The system works and is the envy of 49 other state DOTs that do not have it, so we would oppose any discussion that seeks to eliminate the variable gas tax. As important as our current funding system is, now is the time to consider implementing new mechanisms to increase revenue to fund the critical transportation needs of Nebraska. We must consider innovative funding solutions. Moving from a variable gas tax to a fixed gas tax is not the answer, strong consideration to be given to a gas sales tax or increased and expanded vehicle registration fees, or other more stable and sustainable approaches. We believe we should consider seriously rediverting transportation derived revenues from other uses to help refill the Highway Trust Fund. Legislative approval for local general sales taxes would help our local communities and counties care for their roads and, at a minimum, the gas tax should be indexed to buffer our budget from the effects of construction inflation. Take Iowa, for example. Through their Time 21 Initiative they identified several potential sources of new revenues through

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increasing vehicle registration and driver's license renewal fees, through adding a severance tax for ethanol, enabling the use of transportation improvement districts, tolling, and public-private partnerships. Some of these solutions have been implemented, resulting in millions of dollars annually in new transportation revenues for Iowa, but of course more is needed. With a new dedicated revenue source, this offers the ability to use other alternative financing tools, such as bonding. Bonding at current historically low interest rates will provide a safeguard against the impacts of inflation on transportation budgets in the future, and this allows critically important projects to accelerate to completion and advance the economic competitiveness for Nebraska. This tool is currently used in 42 states and has proven to be very successful when used properly. As an example, the state of Missouri is currently using an innovative bonding program which utilizes a small portion of their federal...future federal highway allocation to repay bonds issued to finance the replacement of 554 of the most highly deteriorated bridges in the state over the next four years. An investment in transportation can have significant positive impacts on the Nebraska economy. Once again, let's take Missouri as an example. In November 2004, the state's voters approved Amendment 3 by an overwhelming 4-1 margin. This new state constitutional amendment redirected some existing highway user fees to the Missouri Department of Transportation. MoDOT used this new revenue which they found which grew to about \$180 million to \$190 million annually in 2009, to issue \$3.2 billion in bonds, funding more than 367 transportation infrastructure projects between fiscals 2005 and 2013. And a recent analysis of this effort found that over the life cycle of these projects, every dollar invested in Amendment 3 projects generated, one, new net general revenues to the state of Missouri totalling \$242 million; new personal income to Missourians totalling \$5.9 billion; new economic activity, that's output, to Missouri's economy totalling \$17.2 billion; and on average created over 7,500 new jobs annually that paid an average wage of \$28,000 or more per job. Very simply, we need greater investment in transportation and at the heart of the solution must be new sustainable revenue streams and bold leadership. There is no one solution and no easy solutions, but action must be taken now or Nebraska risks falling behind other surrounding states. We urge you to take new and

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innovative steps now to move Nebraska's funding system into the twenty-first century. And thank you for your time and interest and I'll be happy to entertain questions. [LR152]

SENATOR FISCHER: Thank you, Mr. Pohlmann. Are there questions? Senator Janssen. [LR152]

SENATOR JANSSEN: Thank you, Senator Fischer. Mr. Pohlmann, you had mentioned in there, and we've heard this several times across the state so I just wanted to ask the question, mentioned increasing vehicle registration fees. Has ACE had any type of number that they've attached to that, how much you would increase it if you were making the call? [LR152]

MARK POHLMANN: Sure. No, ACEC at this point does not have a number attached to that particular revenue stream, if that was to be considered for that, and how much it could generate if we were going to increase it by some margin. [LR152]

SENATOR JANSSEN: Is there any numbers you'd have that you've floated around for increases in gas taxes or anything like that, or is it just something that's on the table? [LR152]

MARK POHLMANN: Well, I believe that ACEC would support a 5-cent gas tax increase, if that was needed. If you consider a 5-cent gas tax, let's say you're a person that drives 20,000 miles a year and you get 20 miles per gallon, then that could equate to essentially \$50 more out of your pocket per year to fund better roads and better bridges. So from ACEC's standpoint, we would support something like that as part of a solution. It's not the solution nor the only solution but a solution to getting more new revenues in. [LR152]

SENATOR JANSSEN: Thank you. [LR152]

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SENATOR FISCHER: Other questions? Senator Louden. [LR152]

SENATOR LOUDEN: Yes, did I understand your testimony correctly that you were mentioning what transportation does for economic development, okay, and you realize that probably we're the only people that think that. The Department of Roads doesn't think that. They're strictly on traffic count. How do you think we can change their mind to go to consider economic development in some of the places where they would do some construction on highways? [LR152]

MARK POHLMANN: Well, I won't be able to give you a very comprehensive answer to that. What I would say, from my own personal experience, is that just alone by investing in transportation you're creating jobs, much as what the stimulus program has done where what the nature of that is to be...is to put money into the system, into the economy, create jobs through construction, through engineering, those types of direct things that will occur based on those stimulus things. How do we work with NDOR to use economic development as more the catalyst for more investment in infrastructure? That's a tough question to answer because it's hard to measure at this point. But I think that many states around the United States have found out that investment in transportation does make a difference in their economy, both directly and indirectly. [LR152]

SENATOR LOUDEN: I agree. Do you think...was at one of the diplomat receptions, you know, and the Governor mentioned that, to these business people, that, you know, if you'll bring businesses into the state and, you know, create jobs, why, we can give you incentives unbelievable. Now is there someway or another we can sell that to him, that if we improve some of these roads and make probably some expressway system, some four lanes where they need to be, that we can probably get jobs also? Is there...have you got any feel for being able to convince some of the people from that? [LR152]

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MARK POHLMANN: Well, one of the things that...in some just informal conversations I've had with people around the Omaha area, the discussion is that we need to be competitive with our transportation. It makes us competitive on attracting new businesses to our area. One of the things that we worry about in the Omaha area is not reaching...or we're getting close to reaching some air attainment thresholds and once we've reached those thresholds it becomes harder to then sort of sweep those underneath the rug when we're trying to sell to new businesses, and it sort of makes...right now we're at a very competitive advantage when it comes to the fact that we have good air quality, as an example, in Omaha, but if we reach an attainment level that we're exceeding that threshold we become less competitive to other areas such as the coast, where they have mountains and oceans and scenery to look at, where we don't. And why we're competitive is because of our quality of life and our ability to have a good work force. [LR152]

SENATOR LOUDEN: Now then along that line, when you talk about your quality of life and everything, do you...would you advocate then that perhaps building, what, better transportation systems, whether it's expressway or it's super twos, whatever it is, out in some of our rural areas in order to develop that part of the state so that everything isn't hinging on Lincoln and Omaha for income or something like that? What's your position on that from your association? [LR152]

MARK POHLMANN: I don't know that my association has a position yet on that particular question, and if I could write the question down that would be a question that I'd like to take back to my group to see if we do have a position. [LR152]

SENATOR LOUDEN: Okay. Thank you. [LR152]

SENATOR FISCHER: Other questions? Senator Lautenbaugh. [LR152]

SENATOR LAUTENBAUGH: Thank you, Madam Chair. Thanks for coming today, sir.

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Do you know in those studies that found economic growth and benefits flowing from road construction, was the growth spread all along the roads constructed or was it concentrated in more urban areas? [LR152]

MARK POHLMANN: I couldn't tell you. I'd have to look into the studies to find out if there was any delineation between where that economic growth occurred, if it was, you know, pocketed in large urban areas or not or if it was along large corridors. It's hard to say. [LR152]

SENATOR LAUTENBAUGH: Okay. Thank you. [LR152]

MARK POHLMANN: Uh-huh. [LR152]

SENATOR FISCHER: Other questions? Mr. Pohlmann, you brought up Missouri as an example and, just from the contacts I have and the reading I've done, Missouri highways and bridges were in horrible shape. Is that true? [LR152]

MARK POHLMANN: Yes, they were. (Laugh) [LR152]

SENATOR FISCHER: And I appreciate, you know, that they did bond for bridges. We all want our roads and bridges to be safe for everyone traveling on them. When you mention bonding, do you...are you saying that we need to possibly earmark a specific project that the bonds would be for? I'll let you answer that first. [LR152]

MARK POHLMANN: No, I don't believe that you have to earmark to bond in your program. There's probably many ways in which you can deliver any types of programs that you want, and I say programs and not projects. Therefore, you don't have to target a specific target, like widening of I-80, to bond with, although you could. It's not saying you can't do that. Bonding is just a way in which you can hedge against construction inflation. You can deliver the project now at a cheaper cost as opposed to maybe

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dragging it out over several years and maybe not getting as much bang for your buck. Missouri obviously used bonding as one mechanism to fund a lot of bridge reconstruction across the state. They found that there were a lot of bridges that needed help and they needed help now and they needed a way to deliver those bridges in a cost-effective manner, and this was their way of hedging against those rising construction costs we saw in steel and other materials, as well as labor, to get that program done. I talk about it in terms of a program and not a specific project. [LR152]

SENATOR FISCHER: So your suggestion would be, as I understood you, would be to find, first of all, a new source of revenue. [LR152]

MARK POHLMANN: Yes, you need a way to service the bond. [LR152]

SENATOR FISCHER: So then you would have that dedicated revenue source and you are picturing bonding for the Department of Roads' budget then, for the whole program as such? [LR152]

MARK POHLMANN: Not necessarily. I don't know what bonding looks like in terms of Nebraska's program. Nebraska does have... [LR152]

SENATOR FISCHER: Well, I guess I'm saying that you said not for a specific project but for the program, so are you seeing that money that we would gain from bonding just going into the pot and then being able to have more construction then? [LR152]

MARK POHLMANN: You could leverage...you could leverage more projects maybe rather than one specific project. Maybe you're trying to target one project, but maybe you're trying to leverage and accelerate the delivery of your entire program by using bonding as a mechanism. [LR152]

SENATOR FISCHER: Okay. You also talked about the constitutional amendment that

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was passed in Missouri and you said that was to transfer some fees. Did I understand you correctly? [LR152]

MARK POHLMANN: Yeah. [LR152]

SENATOR FISCHER: Do you have details on that? [LR152]

MARK POHLMANN: I don't have particular details on it. I could find those for you. But what I do know is the fact that, as I stated, what they were trying to do is recapture some funds that probably were derived by some transportation means and being channeled either into the General Fund or some other program, and they tried to redirect those back into their own version of the trust fund, essentially. [LR152]

SENATOR FISCHER: We've had bills the last couple years before the committee that went after a very small percentage of money that is currently going to schools that the introducer felt should be going to roads. It was like 5 percent or whatever. The problem, as I saw it, and I...the bills did not get out of committee so I think the committee...this might have been one of their reasons, too--I never speak for these people--so it might have been one of their reasons, but if you take...in essence, yes, that money should have gone to roads in the first place. It didn't. If you take it from schools now though, how do you make it up? Do you know how...do you know anything about how Missouri handled that? Because you are...you are taking a source of funds from one area, and in this...in the case of this bill it would have taken it from schools, which if the state didn't make it up property taxes, local property taxes, would have made it up. So do you have any information on what they did there? [LR152]

MARK POHLMANN: I don't. I don't have any information. I would have to find you information on that. Since I'm not a resident of Missouri, I don't know how that impacted their particular situation and what sort of political hurdles they had to overcome in order to make that happen. And I understand the problem that Nebraska has as well and

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obviously our educational system is important to us and how do we...how do we balance those. [LR152]

SENATOR FISCHER: Right. [LR152]

MARK POHLMANN: So that's a difficult decision. I don't have a position on it, so. [LR152]

SENATOR FISCHER: Other questions? Senator Hadley. [LR152]

SENATOR HADLEY: I've sat and listened to these committee hearings and you talked about it. It seems to me that we're talking a little bit like a utility cost. If you pay your electric bill or you pay your gas bill, part of your bill is a fixed cost and part of it's a variable cost. If you turned off your entire electricity you're still going to get a bill from the electric company, which is their cost of running those lines for you. And I think we need to look at this as a...basically, a mixed cost. We have the fixed part of it and that's the fee that we charge, \$15 per vehicle and that goes into the Highway Trust Fund, and that's the fixed, whether...you know, that allows you to drive your car on the highways. So we have to look and see whether that's an appropriate fee or not that everybody, everybody pays, even if you leave your car. Even if you're Larry Dix and you only drive your truck on Saturday, you're going to pay the \$15. (Laughter) So we have to decide. We have to look and see how much should people pay for the ability to use the roads. The second part is the variable part because you actually do drive on the roads and you cause the wear and tear and such as that, and this is the hard part to me because we're getting more...I'm very concerned about the fact we're getting more fuel...you engineers are doing a great job of gas mileage. It's going from 15 to 20 to 25 to 30, and we have to...we're going to have to raise gas taxes just to stay even because consumption is certainly not going to go up as time goes on. So we can talk about bonding and all that, but we got to find a way to pay off the bonds, we've got to find a way that taxes or there's a fee for what people actually use, the wheel going down road. And it's not

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gallons anymore; it's going to be miles. [LR152]

MARK POHLMANN: There are certainly...there was a place for a gas tax and there still is, especially as we're trying to find a new funding mechanism. There may be at one point a sunset, if you will, on the gas tax at some point. We may have to go to something else because right now our gas tax works in...as an opponent to our energy policy, if you will. We want to consume less. We want to drive more efficient vehicles and, therefore, you know, we're saying, well, you need to go buy more gas because we need more revenue. But we're also saying, well, we want to save, put money in our pocket and we want to stop from being dependent on foreign oil. So it's a tough situation to be in and we need to find a revenue stream that is maybe less dependent upon our energy source as a way to generate revenues. Obviously one of those things that's out there that was sort of taken off the board on the federal level is the vehicle mile tax and I believe that, in my own personal opinion, we may get to that at some point and may be the most fair way to leverage a tax. We have some hurdles to get over as it relates to that particular concept, but it seems to maybe have the most promise in which we can leverage a revenue stream that is fair and sustainable at the same time. [LR152]

SENATOR HADLEY: And we hope you engineers can help us get over some of those. [LR152]

MARK POHLMANN: We hope we can too. (Laugh) [LR152]

SENATOR HADLEY: Because that...because, you know, you use a GPS system now that can tell you within five foot of where you are, so to me it can't be an insurmountable hurdle to be able to figure out how many miles a car is driven between gas fill-ups. [LR152]

MARK POHLMANN: Right. [LR152]

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SENATOR HADLEY: So I guess we need your help. [LR152]

MARK POHLMANN: We're glad to help. [LR152]

SENATOR FISCHER: Thank you, Senator Hadley. Other questions? I see none. Thank you very much. Next testifier, please. Is there anyone else wishing to testify on this resolution? (See also Exhibit 2) This is interesting for the committee. (Laugh) I'll tell you, on all the hearings we've had, it's been a full house and a number of testifiers and a long hearing. Perhaps this will spark somebody's interest to come forward. So before today, before today, we had at our hearings 28 new ideas on funding. All of them, for the most part, I think all of them required a tax increase or a fee increase. Is there anyone who would like to come forward and address that? I see none. I would like to thank the mayor for hosting us here today. Thank you so much. We appreciate it. I would like to thank Senator Janssen for being a good committee member and a good host here in his district. We appreciate you coming to the hearing. If any of you have any ideas or suggestions for us, feel free to contact any committee member or contact my office. Hopefully we will have a report out before our regular session starts in January. And with that, I will close the hearing on LR152 and close the hearings for the day. Thank you. [LR152]