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Transportation and Telecommunications Committee
February 01, 2011

[LB98 LB327 LB584 LR3CA]

The Committee on Transportation and Telecommunications met at 1:30 p.m. on Tuesday, February 1, 2011, in Room 1113 of the State Capitol, Lincoln, Nebraska, for the purpose of conducting a public hearing on LB584, LB327, LB98, and LR3CA. Senators present: Deb Fischer, Chairperson; Galen Hadley, Vice Chairperson; Kathy Campbell; Annette Dubas; Charlie Janssen; Scott Lautenbaugh; LeRoy Loudon; and Scott Price. Senators absent: None.

SENATOR FISCHER: Good afternoon and welcome to the Transportation and Telecommunications Committee. My name is Deb Fischer and I am Chairman of the Committee. I'm from District 43, Valentine, Nebraska. I'd like to introduce to you the members of the committee that are currently present. On my far right is Senator Scott Price who is from Bellevue, Nebraska. Next we have Senator Kathy Campbell from Lincoln. Next we have the Vice Chair of the Committee, Senator Galen Hadley from Kearney. On my immediate right is our committee counsel, Mr. Dustin Vaughan. On my immediate left is our committee clerk, Ms. Laurie Vollertsen. And next we have Senator Annette Dubas who is from Fullerton, Nebraska. We do have three members who will be joining us right about now. And that is Senator Charlie Janssen on the far right from Fremont and Senator Scott Lautenbaugh who is from Omaha. Senator Loudon will be joining us, please do not be offended if you see senators coming and going because we're introducing bills in other committees. Our pages that we have in our Transportation and Telecommunications Committee this year are Crystal Scholl from Lincoln and Kyle Johnson from Sutton. And if you have any materials that you would like distributed, they would be more than happy to help you with those. Those wishing to testify on a bill do need to come to the front of the room and be ready to testify as soon as someone is finished testifying. We like to keep the committee hearing moving along. I do ask that you sign a yellow sign-in sheet at the on-deck table which is right there and hand that into our committee clerk before you testify. We use a transcription program and so it's important that you spell your name before you begin your testimony. I would ask that you keep your testimony concise and try not to repeat what someone else has covered. I think the bills should move fairly quickly today, so I don't plan to use the light system, but I ask that you keep your testimony to less than five minutes because the committee will ask questions, probably, at the conclusion of your testimony. I do reserve the right as Chair to limit you on your testimony though so we can keep moving. We do have four bills to hear today. If you do not want to testify, but you want to voice your support or your opposition to a bill, you can indicate that at the on-deck table, there's a sheet that is provided there and that will become an official part of the hearing. If you want to be listed on the committee statement, however, you must come forward and state your name and your position on the bill for the record in order for that to be listed on the statement. With that I would ask that you please turn off your cell phones. In this committee hearing we do not allow cell phones on and that means no texting either. And I see Senator Fulton is here to introduce his bill, so I will open the hearing on

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LB584 and welcome, Senator Fulton, to the Transportation and Telecommunications Committee.

SENATOR FULTON: (Exhibit 1) Thank you, Madam Chair. Good afternoon. For the record my name is Tony Fulton, T-o-n-y F-u-l-t-o-n and I represent District 29 in the Legislature. I bring to you LB584, The Motor Vehicle Registration Fee Forgiveness for Deployed Troops Act. LB584 is introduced to allow Nebraska's soldiers, sailors and airmen to store their personal motor vehicle or trailer and not pay the fees and taxes associated with registration during the period of their deployment. This bill came to me, actually via an e-mail, from a member of the Nebraska National Guard, Major Bryan Bettey who is currently deployed in Iraq. Presently Major Bettey and other deployed military personnel have no other option for removing their vehicle from in-use status other than to use the same mechanism that you and I could use and that is an affidavit for storage and nonuse. If you or I would like to remove our vehicle or trailer from use on our roads and thus not register our vehicle we would file a notarized affidavit for storage and nonuse with our county treasurer. This mechanism is only available if the vehicle is off the road for the entire previous 1-year registration period. This mechanism is currently not feasible for all of our deployed military personnel. For example, Major Bettey's brigade was deployed last July. If a soldier wished to store his or her vehicle for the length of his deployment, the prior year registration would have had to have ended in the same month as their deployment, July 2, 2010, and their deployment, or at least this simply would not be possible and thus the fees and taxes associated with registration end up becoming something like an additional tax on troops who are serving to protect our freedom overseas. LB584 affords our military personnel a mechanism of storing their vehicle at the beginning of their deployment for the length of their deployment and thus paying a prorated registration fee and tax. As with the current affidavit mechanism, the soldiers use of LB584 is entirely voluntary and is not an option if the vehicle is used on our roads by any other person. I've introduced LB584 simply to assist soldiers who will have no use of their vehicles or trailers during the period of their deployment so as to better serve those who valiantly serve us. And I will just be...I'll just be frank with the committee, this came to me in its purest form, it came as an e-mail from a constituent and I couldn't respond to him in a satisfactory way and so felt it incumbent upon me to come up with some type of resolution and that's what you have before you in LB584. Since introducing it, I understand there could be some concern as to how this mechanism would be employed at the county level so it's not my intent here...my intent here is to help military personnel, it is not to encumber our county employees and so I've handed out an amendment which I think will make a little more clear what I intend. So in the event that the committee would like to move forward with this, I ask you to take a look at the amendment, but I do recognize that given our economic situation and the present form of the bill there may need to be some work done. I'm willing to work with the committee to that effect. Any questions I'll try to answer them. [LB584]

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SENATOR FISCHER: Okay. Thank you, Senator Fulton. Are there questions? Senator Price. [LB584]

SENATOR PRICE: Thank you, Chairman Fischer. Senator Fulton, my question come in the idea of the affidavit, I mean would deployment orders satisfy the need for that? When you get orders to deploy do we have to add another document, I mean, how do you envision that being done? [LB584]

SENATOR FULTON: Yeah, well what I did is we looked at the way it is done now, the way it is done presently at the local level is that this affidavit has to be signed, notarized and signed. And so my solution was to not reinvent what exists now. So if it's cleaner and if it's acceptable to county treasurers to utilize official... [LB584]

SENATOR PRICE: Movement orders. [LB584]

SENATOR FULTON: ...movement orders, is that what they're called? [LB584]

SENATOR PRICE: Can be. [LB584]

SENATOR FULTON: That would be fine with me. [LB584]

SENATOR PRICE: The reason I say that right now, like in Sarpy County, if you come up there or something like that because they deal with a lot of military, you show them your orders and register your car with \$27.50 and you're done. So there already seems to be a mechanism within the counties to accept the orders. I'm sure someone else will say something about that after a little bit. Thank you. [LB584]

SENATOR FISCHER: Other questions? Senator Hadley. [LB584]

SENATOR HADLEY: Senator Fischer, thank you. Senator Fulton, I raised this with you earlier, and you certainly don't have to answer, but something to look at, I know that a lot of times National Guard is deployed overseas at times they get a two-week furlough to come home and whether or not if they've given up the registration and...the license isn't current, how do they drive during the two weeks that they're back? [LB584]

SENATOR FULTON: That's a good question, and, frankly, that's not one that I have contemplated in the form of the bill. Now the amendment has...we have provided a little bit more clarification for local officials in the amendment and so...let's put it this way, where there's a will there's a way. If there's a will among this committee to move forward and we have a situation where a deployed individual comes back and would need his vehicle for two weeks and I'm fairly certain we could come up with some mechanism by which he could express himself and stay within the confines of our statute. But that's a great question, that is one thing I had not contemplated previously. [LB584]

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SENATOR FISCHER: Other questions? Senator Louden. [LB584]

SENATOR LOUDEN: Yeah, thank you, Senator Fischer. Well, Senator Fulton, when you...are you just talking about the registration fees or are you talking about the taxes and the whole thing on that? [LB584]

SENATOR FULTON: Mine is...well, it's the registration fee would, what...what...that first precipitated this, so that's what I'm talking about. [LB584]

SENATOR LOUDEN: You mean you're talking about the \$15 or the \$20 registration fee? You're not talking about the tax that goes with the motor vehicle? [LB584]

SENATOR FULTON: I'm just talking about the registration fee. [LB584]

SENATOR LOUDEN: The \$15 or \$20 that goes to the state? [LB584]

SENATOR FULTON: I don't know. I actually don't know how much it is. [LB584]

SENATOR LOUDEN: Pardon. [LB584]

SENATOR FULTON: I don't know the exact...I don't know how much it is, but. [LB584]

SENATOR LOUDEN: Okay, well I was just wondering. A few years ago when you were...when we were discussing this, when you were considering, I think, legislation, you were also including the taxes that counties and cities charge besides the registration fee, so that's why I was wondering if you're just talking about that \$15 or \$20 registration fee? [LB584]

SENATOR FULTON: The fee is what I'm talking about now. And again, this is...I want to work with the committee if indeed there is a will to move forward. But you're referring to, was it the roads package? That roads bill that I put forward a while back with motor vehicle tax or was there some exemption that you're talking about? [LB584]

SENATOR LOUDEN: Yeah, I don't remember, a few years ago anyway, because you printed your taxes and your license fee on your car and it was two or three hundred bucks, but only \$15 of it was registration fee. And that's why I was just wondering if you're referring to the registration fee? [LB584]

SENATOR FULTON: Yeah, right. Yeah, that's a different deal. What you're referring to was the visual that accompanied the roads proposal that I put forward a couple...two years ago, a couple years back, that's completely different material. [LB584]

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SENATOR LOUDEN: Okay, thank you. [LB584]

SENATOR FISCHER: Other questions? I see none. Thank you, Senator. [LB584]

SENATOR FULTON: Thank you, Madam Chair. [LB584]

SENATOR FISCHER: Will you stay for closing? [LB584]

SENATOR FULTON: I do have another bill to introduce, so I probably won't be able to close. [LB584]

SENATOR FISCHER: Okay, thank you, Senator. Next, are there any proponents for the bill, if you would like to step forward? Good afternoon. [LB584]

RUSSELL BARTHOLOW: (Exhibit 2) Good afternoon, Chairwoman. My name is Russell Bartholow, R-u-s-s-e-l-l B-a-r-t-h-o-l-o-w. Good afternoon, Chairwoman and committee members, my name is Russell Bartholow. I'm a Captain in the Nebraska Army National Guard and I am testifying in support of LB584. I'm here today to speak on behalf of the National Guard Association of Nebraska, but also here testifying as a soldier who was directly impacted by the DMV nonuse rule. I'll start off briefly with my story. I deployed in support of Operation Enduring Freedom in Afghanistan, 2008 to 2010. Before deploying I visited DMV and requested permission to place my vehicle in nonoperational status. I would not be driving the vehicle at that point for at least the next 12 months. Opportunistically, I was single, no wife or dependents who may operate the vehicle in that case fitting the intent of the current LB584. However, after visiting the DMV, I understood that in order to place my vehicle in a nonoperational status the vehicle registration would have to had expired and then be in an nonoperational status before my vehicle would qualify for reregistration of the status. Such a process made it impossible for me at the time I deployed for what became 24 months and continued to pay in this particular case operational fees and registration fees while the vehicle sat unused. Therefore in my case I was impacted or could have saved approximately all added fees, taxes, registration, \$564, but just looking at the registration cost I don't know the exact amount, I think it would be somewhere in the \$40s or \$50s for the two years. With a few clarifications, LB584 has the power to change this process and truly help deployed soldiers and their families. I have some suggestions, three suggestions and also failed to mention there's copies right here. Thank you, Crystal. First suggestion to clarify intention in the bill of length of deployment and therefore the period of vehicle storage and nonuse. The length of deployment whether in federal status or active duty status can range from a few days to a year or in my case, 24 months. A suggested clarification, write a minimum deployment length in LB584. I suggest a minimum of 120 days to a year. A 120 days is a typical Air Force deployment and one year or 12 months is a typical Army deployment. A minimum 120, a max could be a year. Second suggestion, currently written, the term "deployed" could mean any deployment for any

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purpose to include state active duty for the Nebraska National Guard members. Suggestion on the term "deployed": define deployment or deployed as deployments of at least 120 days in support of an overseas contingency operation where operations and support are in defense of the homeland. In either case the military member would have orders placing them on Title 10 or Title 32 status and could be used in support of a claim for exemption and for filing the affidavit with the county treasurer. Third and last suggestion, Chairwoman, language such as ensuring vehicles are not operated by anyone, may also be important when providing overseas deployment orders, oh, let me back up, language such "vehicles not operated by anyone" may also be important in providing...that soldier providing overseas orders, as Senator Price brought up earlier, to the proper authorities, the treasurer, the DMV, may also help to clarify a soldier's qualifications for this exemption. I'm happy to discuss LB584 with you or the members, Chairwoman, or any member of your staff as it would be helpful to you. Feel free to contact me, my information is on the copies. I appreciate your time and consideration. [LB584]

SENATOR FISCHER: Thank you, Captain. And I would like to thank you on behalf of the committee for your service. [LB584]

RUSSELL BARTHOLOW: You're welcome. [LB584]

SENATOR FISCHER: And I do appreciate that you've come to us with suggestions too. I think that's very appropriate, thank you. [LB584]

RUSSELL BARTHOLOW: Very good. You're welcome. [LB584]

SENATOR FISCHER: Are there questions? Senator Campbell. [LB584]

SENATOR CAMPBELL: Thank you, Chairman Fischer. Captain, some of the language that you have suggested, is it similar to the language that would be in the tax code? Because right now do you not get...anyone who is deployed in...used to be years ago into combat, but I'm sure it's changed, has a delay in when you have to pay your federal income tax? Do you know whether any of that language is similar to this language? [LB584]

RUSSELL BARTHOLOW: Senator Campbell, I do not know, but I can check and get the information if you prefer and get back with you. But I am not familiar with the tax code. [LB584]

SENATOR CAMPBELL: I can talk to Senator Fulton's office too. I just thought of that. [LB584]

RUSSELL BARTHOLOW: Yes, ma'am. [LB584]

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SENATOR FISCHER: Other questions? Senator Louden. [LB584]

SENATOR LOUDEN: Yeah, thank you, Senator Fischer. Well, yes, and I appreciate you being here today. One question I'm kind of curious about, when you mentioned it cost you about \$564, you were deployed for more than a year? [LB584]

RUSSELL BARTHOLOW: Yes, sir. [LB584]

SENATOR LOUDEN: And this car sat idle for more than a year? [LB584]

RUSSELL BARTHOLOW: Correct. [LB584]

SENATOR LOUDEN: Was there any way that you...if you didn't pay that taxes and everything on that car, then when you came back and wanted to license it again, did you have to pick that back taxes and everything up? Did the county treasurer make you pick that all back up or did you just pay it anyway each year? [LB584]

RUSSELL BARTHOLOW: Senator Louden, I'll answer your question, I think in the form that I'm hearing it. I did not ultimately register my vehicle for non...for storage or nonuse. So while I was deployed in Afghanistan, I just paid the fees, registration, and taxes on the vehicle while I was not using it. [LB584]

SENATOR LOUDEN: Well I guess I go back, I don't know how it is currently, but it used to be while you were in service, nobody could collect a bill against you while you were in service. [LB584]

RUSSELL BARTHOLOW: Right. [LB584]

SENATOR LOUDEN: And I'm wondering if we should go kind of down that angle while you're in service this car and their taxes sat in limbo and then when you come back well you can pick up where you left off on your taxes or something like that, if there would be some way or another to go about it like that, because I don't...I think if you park a car someplace and serve in the armed forces and you're not using that car, you shouldn't have to pay the taxes from day to day and everything else on it. I mean that's my personal feelings and I'm wondering if there's some way we can go down that angle. This way you would save the taxes and the whole thing, that car would just be, as you say, nonservice. [LB584]

RUSSELL BARTHOLOW: Yes, Senator, I agree with everything you've said. And to answer the first question, I'm not too familiar with all the areas that soldiers may or may not have to pay. I do know that credit card companies, this is me personally, reduce their credit card rates to zero or 4 percent and that would be in line of the logic that you

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just discussed. So, I'm just not familiar with all of it. [LB584]

SENATOR LOUDEN: Okay. Thank you. [LB584]

RUSSELL BARTHOLOW: You're welcome. [LB584]

SENATOR FISCHER: Other questions? I see none. Thank you, Captain, for coming in today. [LB584]

RUSSELL BARTHOLOW: Thank you for the time, Chairwoman. [LB584]

SENATOR FISCHER: Other proponents for the bill? Are there other proponents? I see none. Are there opponents to the bill? Good afternoon. [LB584]

GREG HOLLOWAY: Good afternoon, Senator. My name is Greg Holloway, H-o-l-l-o-w-a-y. I'm the department commander for the Disabled American Veterans of Nebraska. It is hard for me to actually oppose anything that is going to benefit our active duty military personnel to be real honest with you. As a matter of fact, in 1968, in January of 1968, I was sitting home on leave from Fort Polk, Louisiana, ready to go to Vietnam. In March I was in Vietnam. But I made \$120 a month while I was there. What I'm...what I'm...want to talk about is this little equity in this. The Disabled American Veterans have been advocating fee-exempt license plates in the state of Nebraska for many years and I think they should have it. A 100 percent service connected disabled veteran, I'm also an old County Veteran Service Officer of Lancaster County and a National Service Officer of Military Order of Purple Heart. I've been acting on behalf of veterans since I got out of the military in 1969. I've worked with Governor Tiemann on legislation for veterans' educational benefits in Nebraska and working hard for veterans all these years. A 100 percent service connected disabled veteran, single veteran income is about \$2,800 a month; that's tax free. He could be eligible for Social Security disability too, whatever that might amount to whether how much he worked in his life, it's all based on that. Out of that \$2,800 a month, he's paying his lodging, he's paying utilities, he's paying for his car payments, he's paying for all of his food, everything. My nephew is an E-4 with what's considered no time in grade. He's been in the military three years; just come back for Iraq. He lives off-post. His income is like \$2,500 a month, plus he gets \$1,000 a month separate rations. So that \$1,000 a month, you know, pretty much pays his rent and utilities. So that's more than a veteran on 100 percent service connected disability draws. So I think there's an equity issue. The amount that officers make are a lot more. I was a sergeant when I got out. But I feel their need to save a couple dollars while they're overseas and the necessity is going to cost them maybe to store their vehicle. And if they have property within the state of Nebraska, they're paying their house payments and everything out of that too. But they're living overseas; they're eating and living for nothing. Granted you're not eating very good and you're not living very good; because I lived in the mud and the jungles

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and the mountains of Vietnam for six months, until I was wounded and left. That's what I want to bring across. I'm not 100 percent opposed to anything that will assist our active duty military personnel, but I think there's a logistics nightmare involved in this issue because if you do come home on leave, like you were talking about, is he going to get a ticket for operating a vehicle, unregistered vehicle, or is the...I don't understand how it...and also you're trying to give away money on this hand and the next bill, I think, you're trying to take it back away from us. So I just don't think it's necessary. It might be wanted and desirable, but I don't think it's 100 percent necessary. Thank you. [LB584]

SENATOR FISCHER: Okay. Thank you, Mr. Holloway, and thank you for your service. Did you...if you just want to wait a minute. Are there any questions? Senator Janssen has a question if you'd like to sit down again for these. [LB584]

GREG HOLLOWAY: Sure. [LB584]

SENATOR JANSSEN: Thank you, Chairman Fischer. When you came before us today, I missed your introduction. Are you speaking for, in your capacity as a member of the Disabled American Vets, or are you speaking as an individual today on your own personal views or was this...? [LB584]

GREG HOLLOWAY: I have had contact from Disabled Veterans about this bill. I'm the department commander for the Disabled American Veterans in the state of Nebraska. I'm talking in the capacity of the department commander for the Disabled American Veterans. [LB584]

SENATOR JANSSEN: Is that based on... [LB584]

GREG HOLLOWAY: I've had some of my constituents call me in concern that one fact, if they're going to give it to them, why don't they give it to us, more or less. [LB584]

SENATOR JANSSEN: Right, I understand your logic. I don't necessarily agree with it, but I understand where you're coming from. But again, I just...I have to grasp getting a call from a member of the Disabled American Vets or a buddy or even 20 people; I'm a member of the VFW; I'm a member of the American Legion, and multiple times I've had people come here and say they're speaking for us. There is a protocol in order for a person to speak beyond and it's...I was endorsed by my local VFW when I ran for Legislature. I had to go to the VFW meeting, I had to fill out paperwork, give it to them, they had to vote on it, put it in the minutes. Has there been anything done such in the DAV at your post or at a statewide (inaudible)? [LB584]

GREG HOLLOWAY: No. This bill actually has come up between any sessions that would have taken place that would give me 100 percent authorization. But as department commander, just as you have been elected by your 15th district to represent

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your constituents without asking them to vote on what you're trying to do every time, it is my job to represent my 6,000 members of the Disabled American Veterans which they elect me to do. And that's what I'm doing here. I am standing up for what they asked me to do for them is to make sure that they are treated equitable and in every aspect of legislation within the state. [LB584]

SENATOR JANSSEN: So will this be something that you will actually take to your...I know it's VFW or state committee, they have regional, I guess, meetings or whatnot, in fact, they just had one last week here. Would this be something that you bring back to them for...what do you call it, board approval, or whatnot. I know sometimes it's within the purview of a commander...I'm vice commander of my VFW Post for instance. [LB584]

GREG HOLLOWAY: Good. [LB584]

SENATOR JANSSEN: I certainly don't feel though that I have the latitude to come and speak on behalf of the members of the VFW Post 854 based in that. [LB584]

GREG HOLLOWAY: Your commander does. [LB584]

SENATOR JANSSEN: Well even when the commander can't make it, I don't feel that he does either, speaking for everybody. He could be a good friend of mine, he would have endorsed me for Legislature, but he couldn't speak, and I don't...my opinion, I don't think it's in your capacity as a department commander to say all of the DAV feels the way that you feel. I look at your... [LB584]

GREG HOLLOWAY: I'm not saying that. I'm saying that, they...it is in the...what I consider the best interest of my department to see that they are treated equitable and if there's legislation out there that favors someone over another, I'm not saying I'm opposed to this, I have to testify in an opposition of it to get my message across. I would have loved to have been able to save a couple of dollars when I was in Vietnam because things were awful tight. My wife worked at Russell Stovers and I had a 3-year-old child when I was in Vietnam. So I understand all that. [LB584]

SENATOR JANSSEN: I understand. So I just wanted to clarify that with my own personal viewpoint. Thank you. And we do have a neutral capacity too... [LB584]

GREG HOLLOWAY: I will visit with you any time. [LB584]

SENATOR JANSSEN: We do have a neutral capacity, too, that you can speak to a bill. [LB584]

GREG HOLLOWAY: Yeah, yeah, I know. [LB584]

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SENATOR JANSSEN: Thank you. [LB584]

SENATOR FISCHER: Thank you, Senator Janssen. [LB584]

GREG HOLLOWAY: Thank you. [LB584]

SENATOR FISCHER: Other questions? Thank you, Mr. Holloway. Anyone else wishing to speak in opposition to the bill? Welcome. [LB584]

LARRY DIX: Good afternoon, Senator Fischer and members of the committee. For the record my name is Larry Dix, spelled D-i-x. I'm executive director of the Nebraska Association of County Officials and I'm here today in opposition of LB584. Certainly I want to make sure that everybody is aware that NACO is very cognizant of what the veterans do. We understand that they should, we believe, receive many of the benefits that they do receive and when I'm testifying in opposition of this bill, it doesn't have anything to do with...if it's right or wrong or the amount of money or anything like that nature. It is truly from a logistical point of view as the bill is written. And some of the things, there was a previous testifier that offered some suggestions and those were some of the questions that we too had. When I read the bill and when I just look at it, and I'm sorry I do not have a copy of the amendment that Senator Fulton presented, so if that addresses some of this, that's fine. I did talk to Senator Fulton earlier today and let him know that we would be here in opposition to that for these logistical matters. But as the bill is written and when we look at this bill, we talk about no registration fee. And I believe that's \$15 that goes into the Highway Trust, that that's \$15. So when we look at this and we start to pare it down and say a portion of this, I mean, sometimes the way this is written that any portion of a previous, current, or subsequent registration, if someone is deployed for the 120 days, I think both the counties and the taxpayers go through quite a few steps to collect this very, very small portion of a fee. And so that we want to make sure we're certainly aware of. The other thing that our county treasurers had questioned is when it says upon application, if someone is deployed and maybe it is for a couple of years, there isn't any requirement that says if they own four or five vehicles you could mark those all down. The scenario I think that was presented by the gentleman that testified earlier was that he had one vehicle and that was the vehicle that he drove. In many situations, of course, we have veterans who have families and we want to make sure that if those vehicles are on the road, then those have the registration as opposed to those that are not utilized here. I do think, you know, if we go down this path, it may be something that we need to look at in the statutes as far as the storage section and how that is addressed, maybe more so than just the registration fee. And then certainly we want to make sure that within this language our county treasurers know exactly what documentation that they need to be looking for to meet these requirements. So we would ask that somewhere in here that would be spelled out or readily defined so that for the benefit of the treasurer, they knew this is the document

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that they are to be looking for. So, for those reasons from a logistical point of view, I'm trying to determine when a deployment starts and when it ends, those are some things, I think, you know, if the bill were to move forward we would be happy to work with the committee to try to understand those concerns and understand how it would work logistically within the counties. So with that, I would be happy to answer any questions that you would have. [LB584]

SENATOR FISCHER: Thank you, Mr. Dix. Are there questions? I see none. Thank you very much. [LB584]

LARRY DIX: Thank you. [LB584]

SENATOR FISCHER: Are there other opponents to the bill? Any other opponents? Anyone wishing to testify in a neutral capacity? Senator Fulton, would you like to close? Senator Fulton waives closing. With that I will close the hearing on LB584. I will open the hearing on LB327 and Senator Campbell will open on her bill. Good afternoon, Senator Campbell. [LB584]

SENATOR CAMPBELL: Thank you, Chairman Fischer, and colleagues on the Transportation Committee. It is a pleasure to open on LB327 and I want to give a little history as background to this bill. As we are all well aware, Senator Fischer has a major bill in front of the Legislature this year that will deal with new construction and set us on a future path. One of the objectives that I have had in discussion with many of you, is also to begin looking at ways in which we could supplement the Highway Trust Fund and I came upon this particular bill from a personal example. As many of you know, I have joked quite long about the fact that I drove a 1994 Honda. And at some point I began to look at the statement that I received each year and I began looking at that Honda thinking, my gosh, the motor vehicle tax has gone to zero and I'm not paying any more on that, even though I'm driving around. Now I'm going to explain that there are components to your registration process here in what you pay, but it was really that realization that I was paying zero. So I want you to keep that in mind as we take a look at this bill. The bill adds \$10 to the motor vehicle fee for every vehicle aged 14 years or older. This additional fee would go to the Highway Trust Fund. And the fiscal office estimates an increase of \$7.2 million revenue to the Highway Trust Fund of which \$3.872 million would go to the Department of Roads Cash Fund and the rest would go to cities and counties. There are three main components when you get ready and you get that statement to register your vehicle in Nebraska. The first we have talked a little bit around today, and Senator Loudon mentioned that, on the state registration fee is \$20.50. Fifteen dollars, we most often think of as \$15, goes to the Highway Trust Fund. But then there are small increments totaling \$5.50 that go to the County Emergency Medical System Operation's Recreational Road Fund. So basically on a registration fee, you're paying \$20.50 and that fee remains for the life of the vehicle. Okay, so you're always paying that. On the motor vehicle tax, this tax goes to schools, repeat, goes to

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schools, city and county general fund. And it is calculated on a base tax and decreases over the life of the vehicle until that vehicle reaches the age of 14 years when it is no longer applied to the vehicle for the rest of the vehicles life. And that's what drew my attention because it said zero. The motor vehicle fee goes to city and county roads fund. And is calculated again on a base fee and decreases over the life of the vehicle until the vehicle is 11 years old. So there's a slight difference there between those two when it is a flat amount for the rest of the vehicle's life. And I think that when counsel, Dusty, and I looked at this yesterday, there's a flat \$5 fee that it finally goes down and that \$5 stays with the vehicle for the rest of its life. The motor vehicle tax is the largest component of the cost of registering a vehicle in Nebraska. That's that center portion that I told you about, accounting for upwards of 90 to 95 percent of the total cost. And by the constitution, that tax is why that goes to schools. This tax decreases over the life of the vehicle and by age 14 is discontinued; LB327 would put a \$10 fee on those vehicles because I believe that once that middle portion is gone to zero we should still...that car is still being used and hopefully could support again the Highway Trust Fund when we are in a situation where we're barely able to keep up with the maintenance cost. We anticipate that the federal dollars may lessen at some point, and I looked at this as an opportunity for every car to at least have that continuation and fee. And we would be glad to show you how the chart comes down, but basically for the life of the car that would be \$35.50 a year as you add up all the fees with this bill when previous to this bill, it would have been \$22.50. Questions? [LB327]

SENATOR FISCHER: Thank you, Senator Campbell. Are there questions? Senator Dubas. [LB327]

SENATOR DUBAS: Thank you, Senator Fischer. Thank you, Senator Campbell. Just to make sure I'm getting this straight in my mind, so that the middle, the Motor Vehicle Tax,... [LB327]

SENATOR CAMPBELL: Correct. [LB327]

SENATOR DUBAS: ...that's the one you're proposing to...so for 14 years, that tax would be paid; it would go to the schools, the cities and the counties. [LB327]

SENATOR CAMPBELL: Correct. [LB327]

SENATOR DUBAS: After 14 years, then that \$10 would be added to go to the Highway Trust Fund? [LB327]

SENATOR CAMPBELL: No, I'm on the fee, I'm on the Motor Vehicle Fee. The very last one, Senator Dubas. [LB327]

SENATOR DUBAS: Fee, okay, all right. Thank you. [LB327]

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SENATOR CAMPBELL: And the reason that I chose that one is because that one is the easiest to direct to the Highway Trust Fund. And my objective, Senator Dubas, was to find within this array was to find the avenue to address needs in the Highway Trust Fund. It's the zero in the middle that drew me to this. Because as a person who is driving the car around, they may not know which of those has gone to zero, but it's the middle one that goes to zero, but it's actually the fee that I'm addressing. [LB327]

SENATOR DUBAS: Okay. So then at the end of 11 years, that stays at \$5, right? And you're proposing to add the \$10. [LB327]

SENATOR CAMPBELL: Right. That would add...exactly, after 14. After 14 years it goes to zero. [LB327]

SENATOR DUBAS: Okay. [LB327]

SENATOR CAMPBELL: Not just when it drops to 11, because I don't want to penalize that person for that amount of time, I want to get to the point where it is totaled out at zero. [LB327]

SENATOR DUBAS: Thank you. [LB327]

SENATOR FISCHER: Other questions? Senator Hadley. [LB327]

SENATOR HADLEY: Senator Fischer, thank you. Senator Campbell, I guess I first would start with a statement, I guess I looked upon this a little bit as a variable cost. The variable cost has a fixed portion and a variable portion. And the variable portion is when we pay a gas tax because the more gas we use the more we pay. The fixed portion is this \$10 fee and that, to me, that allows people to use the highways and use the streets. And I likened it to if you go to Arizona for the month of February and you use no electricity in your home, you're still going to get an electric bill because they're going to charge you a minimum amount and that is the fixed portion that they...they basically charge you to have that service to your home. So I guess I look upon this as basically the fixed portion that allows the person to use the highways and then when they use them, they pay the gas tax fees. So I think, to me, this is an appropriate fee. [LB327]

SENATOR CAMPBELL: Thank you, Senator Hadley. And I do want to emphasize to the committee that, you know, I will continue conversations with everyone and I think we are all similarly supportive in watching Senator Fischer's bill and we want to make sure that as the Transportation Committee we have a unified package going forward. So we'll see what happens, but I felt it was important to have this bill put in for us to consider and to look at, given the fact that as I was driving my '94 Honda I was paying zero on a portion of this and I was still using the roads just as everyone else was. [LB327]

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SENATOR FISCHER: Senator Price. [LB327]

SENATOR PRICE: Thank you, Chairwoman Fischer. Senator Campbell, something struck me when you talked about that using the \$10 and one of the things I may be leery of, are we trying to say that the cost for a car to be on the road, the wear and tear on a road for each car is only \$10? That's what we're saying. We're saying, I paid my part, \$10, so does that mean that everybody else will come in and say, I should only pay \$10 for wear and tear on the road? [LB327]

SENATOR CAMPBELL: Are you finished, sir? [LB327]

SENATOR PRICE: I think I am. [LB327]

SENATOR CAMPBELL: Senator Price, I think that's a great question. I would answer that in that there are a number of ways that we do support the Highway Trust Fund, but we need to continue to look at new ways to build up that fund. This isn't the only, this \$10 fee isn't the only payment that you would put forward to maintain those roads, but I would add, Senator Price, we are falling behind. And I felt it was important for us to explore ideas. [LB327]

SENATOR PRICE: Senator Campbell, I don't disagree with you, I think that's great. My point is, could someone come up to me and at another time and say, hey, 14-year-old cars and 15-year-old cars pay \$10, yet a 1-year-old car, why don't I only pay \$10? Because we're all using the roads the same amount, talking just to the wear and tear portion of it and I'd hate to have somebody come back later on and say, you know, put in this, well now you've got...we've giving to children, two different things. One kid gets preferential treatment because they're older. And that's my only concern as I go forward, but I appreciate the opportunity to discuss it. [LB327]

SENATOR FISCHER: Thank you, Senator Price. Other questions? I see none. Thank you, Senator. [LB327]

SENATOR CAMPBELL: I intend to be here for closing unless I have to go. I have another bill introduction, in such case, if I'm not here, I'll obviously waive it. [LB327]

SENATOR FISCHER: Okay. Thank you. Are there proponents for the bill? Any proponents? Good afternoon. [LB327]

LOY TODD: Senator Fischer, members of the committee, my name is Loy Todd, I'm the president and legal counsel for the Nebraska New Car and Truck Dealers Association testifying in support of LB327. I might note also for the record, that I'm also chair of the Taxation Council of the Nebraska State Chamber of Commerce and I'm also...I've been

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asked to testify in favor of this legislation on their behalf also. I want to thank Senator Campbell for bringing this issue up. I can tell you that it's really unfortunate that this bill keeps being referred to as a tax on old vehicles because I think a proper name for it is a tax on untaxed vehicles and that's really what it is. If I go around to people and I say, who should pay nothing to drive on the roads? I get the same answer from everyone and that's no one. No one should drive for free on the roads. There ought to be something; there ought to be a buy-in. You can't park a car on the streets of Lincoln for an hour without spending a dollar. And this...if this tax, or this fee does anything, I think it's too small. I mean, a dollar a month...this is less than a dollar a month. So from that standpoint, we're very supportive of it and it's going to raise millions. And that's going to make a difference. And every small thing...I think that one of the reasons that we have fallen so far behind on road funding is because we don't take the opportunity to look at the small incremental amounts that you can raise here and there. Had we implemented this minimum when we first passed this new schedule many years ago, we'd be talking about literally over \$100 million that we would have had contributed to roads funding at that time. I learned a long time ago, somebody always said, the best time to plant a tree is 25 years ago and the second best time is today. And so I would hope that we don't put this off a whole lot longer because it is our opinion, certainly, that everyone has an obligation and everyone ought to meet that. And if I might to Senator Price's question about why shouldn't one person pay the same as another; we're all for that, but it's not \$10. At that point it's an average and it's certainly...you can understand when I represent the new car and truck dealers that we would like to see ours lower and everybody's elevated, and selfishly we'd like that, but I can tell you that there are examples of that. Take a look at what South Dakota does. South Dakota has a set fee on the vehicles. It's like \$70 or \$75 on a car. Everybody pays the same. And if you think that's not popular, you're wrong because literally thousands of Nebraskans rush to South Dakota every year to register their car there and then we have to chase them around. So, those concepts, I urge you not to be afraid of it. And it's unfortunate it had to be a little bit convoluted on how this is set forth as far as...because the Motor Vehicle Tax is the one that goes to zero, but we have to raise the fee because of not only statutory requirements (inaudible) constitutional issues because that's how we got to where we are now. This used to be a property tax. And because it was, we believe, unconstitutional at the time, the Legislature changed it many years ago. That's why it goes to the schools and does the kinds of things it does. So I know that there are a lot of competing issues and we would certainly hope that if it's acceptable to make it part of a package or anything else, we would strongly urge you to do so. Thank you. [LB327]

SENATOR FISCHER: Thank you, Mr. Todd. Are there questions? Senator Louden. [LB327]

SENATOR LOUDEN: Yes, thank you, Senator Fischer. Well as I look at this, what is this...if this was 700 and some thousand vehicles, you're talking about what, is it \$3 million that would go into the Highway Trust Fund or is it \$7 million that would go into

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the Highway Trust Fund? [LB327]

LOY TODD: I believe as it is drafted about \$3.8 million would go into the Highway Trust Fund. The total revenue raised would be around \$7 million, but the portion that would go to the trust fund would be about half that. [LB327]

SENATOR LOUDEN: Now, my next question would be, if they were receiving that money in the Highway Trust Fund would they use that as a way to lower the fuel tax? And we would still be at \$316 million is what we would ask? [LB327]

LOY TODD: Well that really would depend on what all of you do regarding budgeting and appropriations and those kinds of things. You can accomplish that many different ways, but there are several numbers that move. And it is a formula that if one part goes down another will go up, or if another goes up, one might go down. So it is possible; it is certainly possible that that could do more than that. [LB327]

SENATOR LOUDEN: And that's what I have. I don't have a problem with putting a fee like this on here, but I do have a problem that if that goes into the Highway Trust Fund, we're no better off for increasing our trust fund than we were before I guess. [LB327]

LOY TODD: I believe, Senator, that this revenue would be anticipated and budgeted for and so it may not happen the way that you've described. But, you know, it's possible. When you're moving numbers, different results can occur. [LB327]

SENATOR LOUDEN: Okay. Thank you. [LB327]

SENATOR FISCHER: Other questions? Thank you, Mr. Todd. [LB327]

LOY TODD: Thank you. [LB327]

SENATOR FISCHER: Are there other proponents to the bill? Good afternoon. [LB327]

LARRY DIX: Good afternoon, Senator Fischer and members of the Transportation and Telecommunications Committee. My name is Larry Dix, I'm executive director of Nebraska Association of County Officials appearing today in support of LB327. And certainly I think there's going to be a number of folks that testify in support of this concept so I don't want to necessarily cover too much ground or ground that has already been covered and Mr. Todd covered quite a little of that. One of the things I think that hasn't been brought out is currently today the Motor Vehicle Tax, when we talk about that tax portion, the distribution of that, and Senator Campbell said that that money goes to the cities, counties, and schools, but I think what's important to note is that that goes in the ratio of 60 percent goes to the schools, 22 percent to the counties, and 18 percent to the cities. So it's a significant...that dollar amount is significant that

goes in that direction. And then there is a little variation to that formula in counties with the city of the metropolitan class, 22 percent go to the cities, and then 18 percent go to the county. So it's just flipped in, specifically, Douglas County. So I think there is some provisions there. Senator Price, whenever anybody talks to me, you know, a number of times about taxes, and I always find this one sort of interesting, when we talk about how much damage does a particular vehicle do to a road, I would agree \$10 isn't the amount, but it's also hard to justify that if I have purchased a car that my vehicle price new is between \$40,000 and \$42,000, the first year I pay a certain amount, but if I purchase a car that is between \$42,000 and \$44,000 which there's not a whole lot of difference in that car, I pay \$40 extra because I've paid more. But that's the formula that we have and that's been there for a number of years. But the fallacy that we find in that formula is that it's hard to understand that, but it's really, really hard to understand and justify that when the vehicle that I have that's 14 years old, that I just...I don't pay anything. I just don't pay any of that tax anymore. And so as hard as it is to understand does a 1-year-old vehicle do more damage than a 14-year-old vehicle, it's also hard to understand why does the 14-year-old vehicle just pay nothing. And I think that's simply what Senator Campbell is talking about. We've had the opportunity...Senator Campbell and I have had the opportunity to go around the state and gather input from a number of people on some previous issues and it's always surprising that people are saying, well, I think the people that pay nothing should pay something. And that's really pretty much what Senator Campbell has brought forward. And yes, they do pay something, they pay their registration fees, but nothing into that tax component. So that's the point that we're making; I think there is a class, a certain amount of segment of our population that simply are not contributing and we think it is something they should and we are fine with it going into the Highway Trust Fund. I would answer any questions that anybody would have. [LB327]

SENATOR FISCHER: Thank you, Mr. Dix. Are there questions? Senator Hadley. [LB327]

SENATOR HADLEY: Senator Fischer, thank you. Mr. Dix, thank you for your testimony. I remember, maybe it was last year or the year before, we had a bill with minitrucks and they were importing them from Japan and the argument was that they were importing older minitrucks because Japan has an absolutely reversed taxation system than we have; the older a vehicle gets, the more taxes it pays because they're concerned about the pollution and the air quality and such as that, so they actually do the reverse of what we do. The newer cars pay less, the older cars pay more. So that's...you know. [LB327]

LARRY DIX: Yeah, it is interesting. And when I look at those tables, it's interesting, you know, when you look at the...sort of the middle...say the \$40,000 purchase price of a vehicle new, you know when they get to the 13th year, they're probably paying maybe \$40 or \$45 and then the next year they just pay nothing. And then of course as you go up that scale to where you get to the \$80,000 vehicles, they may be paying \$150 that

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last year and then they drop off to nothing also. [LB327]

SENATOR FISCHER: Other questions? I see none. Thank you very much. [LB327]

LARRY DIX: Thank you. [LB327]

SENATOR FISCHER: Next proponent please. Welcome. [LB327]

GARY KRUMLAND: Senator Fischer, members of the committee, my name is Gary Krumland, K-r-u-m-l-a-n-d, representing the League of Nebraska Municipalities appearing in support of LB327. I want to thank Senator Campbell for introducing the bill. I think this is one of the ideas that was probably brought before the Transportation Committee in 2009 when you did the studies on this. It was mentioned at the transportation summit last August and it is a good idea to raise revenue. It falls in line with the philosophy of the state. We've had that user fees should pay for the highways and it gets to a segment of society that are not paying the \$10 so this would get those, so we do support the bill. [LB327]

SENATOR FISCHER: Thank you, Mr. Krumland. Are there questions? I see none. Thank you very much. Other proponents? Good afternoon. [LB327]

JACK CHELOHA: Good afternoon, Chairman Fischer, members of the committee. My name is Jack Cheloha, the last name is spelled C-h-e-l-o-h-a. I'm the registered lobbyist for the city of Omaha. I want to testify in support of LB327 today and thank Senator Campbell for introducing this bill. I think it's important that we look at the language in this bill. She's adding a \$10 user fee. It's appropriate that people that utilize the roads system and street system buy into it, pay a proportionate amount for utilizing them. Additionally, as we think...as this committee has studied for years now, we all know that costs are increasing for the construction and maintenance and building of our street and road system; costs continue to go up as oil and other prices go up. The needs will just increase; the needs will be greater. And so we have to find some ways of paying for those. I think when the bill was...or the law was originally put in place, where we have the cutoff at 14 years, there might have been some type of legislative compromise or at the time we looked at, you know, what is the life of a vehicle per se, but now manufacturers have better quality, vehicles last longer. We hear stories all the time of people driving their vehicles well into the 200,000 mile range or even beyond that now, and so it's definitely understandable that some vehicles are going to, obviously, still be on the road based on the fiscal note here after 14 years. And so I think this is a fair user fee and I would thank her for introducing it and ask that you look at it favorably. Any questions? [LB327]

SENATOR FISCHER: Thank you, Mr. Cheloha. Are there questions? I see none. Thank you very much. [LB327]

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JACK CHELOHA: Thank you. [LB327]

SENATOR FISCHER: Other proponents please. Could I ask for a show of hands of other proponents that wish to testify? I see two. Are there opponents to the bill? One. Thank you. Good afternoon. [LB327]

CURTIS SMITH: Good afternoon, Senator Campbell, members of the committee. My name is Curtis Smith, C-u-r-t-i-s S-m-i-t-h. I'm here to speak in support of LB327 and I represent the Nebraska Chapter of Highway...Association of General Contractors. First of all, I want to say we surely want to be here in support of any bill that increases highway funding. I want you guys...you probably all know that, but we wouldn't want to miss the chance to do that. But in all seriousness, the...you all know and I know you've heard the needs assessment of not only the state highway system, but you're familiar with the county roads, the shortage of funding that we have in the state. This certainly is not enough money going to be generated to close that gap of some \$300 million a year, but at least it's a step in the right direction. We would consider it in the right direction. And I would urge your support of passage of LB327. Any questions? That ends my testimony. If you have any questions I'd try to answer them. [LB327]

SENATOR FISCHER: Thank you, Mr. Smith. Are there questions? I see none. Thank you very much. [LB327]

CURTIS SMITH: No. Thank you. [LB327]

SENATOR FISCHER: Next proponent please. Good afternoon. [LB327]

JACKIE McCULLOUGH: Good afternoon. Chairwoman Fischer, members of the committee, my name is Jackie McCullough, J-a-c-k-i-e M-c-C-u-l-l-o-u-g-h, executive director of the American Council of Engineering Companies of Nebraska and I'm here in support of Senator Campbell's LB327. And always here to testify in support of the critical need for additional funding mechanisms to support our transportation systems. One thing that hasn't really been talked about so far yet today is all vehicles impact the wear and tear on the roads. It doesn't matter how old your vehicle is, you're still impacting the care and the maintenance of the roads. And sometimes the older cars are even heavier and cause more damage than their younger, sleeker cousins that are being built today and are more efficient. Miles that are driven determine the wear and the tear on the roads, not the age of the vehicle. So we would support Senator Campbell's bill to expand the motor vehicle taxes on vehicles over 14 years old and with the proceeds credited to the Highway Trust Fund. Thank you again for your time this afternoon and, Senator Campbell, for bringing this bill forward. If there's no questions? [LB327]

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SENATOR FISCHER: Thank you, Ms. McCullough. Are there questions? I see none. Thank you very much. Next proponent please. Welcome. [LB327]

KARL FREDRICKSON: Thank you. Senator Fischer, members of the committee, I'm Karl Fredrickson, K-a-r-l F-r-e-d-r-i-c-k-s-o-n, no relation to the Fredrickson in back of me that I'm aware of. I'm here today on behalf of the Lincoln Chamber of Commerce in favor of this legislation; as the Lincoln Chamber has been over the last several years a proponent of additional revenue into the Highway Trust Fund to help whittle away the needs on our system. Recently, last week, we had...there was the release of the trip report which identified needs on the system. There's additional needs that weren't in that report. Over the last three years, statewide, 400 bridges have been closed. Some of those are going to be permanent as replacement of pipe culverts and other things, but 70 of those are in Sarpy County, many in Otoe County, many in your districts. And any additional revenue, those are how we get farm to market; that's how we get our kids to school; that's how we get emergency rescue vehicles. Some of those are in Lincoln as well. And so the Lincoln Chamber has testified before in previous years to additional revenue, and would like to thank...that we're in favor of this one and thank Senator Campbell for introducing it. [LB327]

SENATOR FISCHER: Thank you, Mr. Fredrickson. Are there questions? Senator Louden. [LB327]

SENATOR LOUDEN: Yeah, thank you, Senator Fischer. Mr. Fredrickson, by enacting this legislation, is there any guarantee that that will put more money into the Highway Trust Fund? [LB327]

KARL FREDRICKSON: Well the funds, as identified in the bill, directs the money into the trust fund. The next question is, what would be the appropriation level of the state as the ability to fund it. And that would affect the variable. [LB327]

SENATOR LOUDEN: Well that's the reason I say, are we just shifting the tax from fuel tax over to registration fee? Or is there something that should be in here to say that this was our intent that we intend to grow that trust fund. And I guess this is a problem I have, I mean, we can pass legislation and keep addressing more money to that fund, but if somebody keeps coming along and lowering the fuel tax, it still comes up with the same level of funding each year that we have been, what have we gained? [LB327]

KARL FREDRICKSON: Well I'm sure I'll be here in future years to try to testify to that. The other part is that a portion then goes to cities and counties which are outside the appropriation levels. [LB327]

SENATOR LOUDEN: Well I agree. They'll take care of their deal, yeah. But I was wondering on the state funding what needs to be done on that? [LB327]

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KARL FREDRICKSON: Well on the state funding level, I think that again, is there are several needs on the system and so that would go into the appropriation level that the Department of Roads is authorized to spend on their capital programs. [LB327]

SENATOR LOUDEN: Okay, thank you. [LB327]

SENATOR FISCHER: Other questions? Thank you, Mr. Fredrickson. Other proponents? Any other proponents? I see none. Opponents to the bill, please. Good afternoon. [LB327]

GREG HOLLOWAY: Good afternoon, Senators. Again thank you for listening to me again. [LB327]

SENATOR FISCHER: I do need you to say and spell your name. [LB327]

GREG HOLLOWAY: Holloway, Greg Holloway, H-o-l-l-o-w-a-y. [LB327]

SENATOR FISCHER: Thank you. [LB327]

GREG HOLLOWAY: Again, I want to...this is actually a tax upon the lower income people which are mostly my disabled American veterans. And mostly all the retired veterans and...this is essentially a tax. Governor assured us there wasn't going to be any more new taxes, so, to keep this state running. So I would find him hard-pressed actually to sign a new tax bill. But they might consider this more of a fee and that's the way it sounds. Personally I got seven vehicles licensed in Seward County. Three of them, when I drive them, trust me, my '69 Chevelle and my '66 Mustang I pay plenty of fuel tax because they're not very fuel-efficient. So I don't drive them a lot. But there's a lot of classic vehicles in this state, a lot of them. And they're only driven on a nice sunny Sunday afternoon and they're not driven by little old ladies, that's for sure. But some of them are. But I still feel this is a tax and it will...the veteran and the disabled veteran will bear a cost, an unnecessary cost that will financially affect them negatively if this is passed. [LB327]

SENATOR FISCHER: Thank you, Mr. Holloway. Are there any questions? I see none. Thank you very much. [LB327]

GREG HOLLOWAY: Thanks for listening to me again. [LB327]

SENATOR FISCHER: Appreciate you coming in today. Are there other opponents to the bill? Any other opponents? Anyone wishing to testify in the neutral capacity? I see none. With that I will close the hearing on...I'm sorry...oh, Senator Campbell, did you want to close? Senator Campbell waives closing. With that I will close the hearing on LB327.

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And turn the chair over to our Vice Chair, Senator Hadley. [LB327]

SENATOR HADLEY: Thank you, Senator Fischer. I will now open the hearing on LB98, providing powers related to federal aid transportation funds. Welcome to the committee, Senator Fischer. [LB98]

SENATOR FISCHER: (Exhibit 3) Thank you, Senator Hadley. This just happens to be one of my favorite committees to come before. Good afternoon, and for the record my name is Deb Fischer, F-i-s-c-h-e-r and I'm the senator representing the 43rd District here in the Nebraska Unicameral. LB98 authorizes the Nebraska Department of Roads to create a federal buy-back program with local governments. Since becoming Chair of this committee, the single most reason I hear for delays in a project are federal requirements and regulations that the state and local governments must follow. The National Environmental Policy Act of 1969 marked the beginning of the Environmental Review Process for all federal actions including the use of federal funds for construction of highways. Since that time, federal requirements have increased on state and local governments. According to the U.S. Government Accountability Office, as many as 200 major steps are involved in developing a transportation project from the identification of a project need to the start of construction. It can typically take between 9 and 19 years to plan, gain approval of, and construct a new major, federally-funded highway project. The Environmental Impact Statement can take upwards of 7 years to complete before the Federal Highway Administration will sign-off on a project. In Nebraska it has appeared in recent years that working with the federal government has become even more difficult than other states. In March, 2010, Senator Ben Nelson held a transportation summit here in Lincoln of which I was a part of. The summit was organized in response to the countless complaints that the senator had received from state and local governments regarding the requirements that the Federal Highway Administration seemed to be singling out for Nebraska projects. At the summit we heard from official after official about how bureaucratic bottleneck had contributed to the delay in countless highway construction projects across our state. Many of these were as simple as sign installation and replacement, lighting and signal repair, pavement markings and visual bridge inspections. All of these were required to have an environmental review by the Federal Highway Administration. We heard from the mayor of Kearney who told us of the city's long-awaited second interstate interchange. In April, 2009, the city was returned the third review of the project's environmental impact study that came back with 166 comments, considerably more than even the previous draft. The cost of the project rose from \$35 million to an estimated \$52 million while the delay has continued. Thankfully, the Nebraska Department of Roads recently announced that the Kearney interchange has finally received federal approval and will be let to contract this spring. Regardless of this project's approval, the fact remains that local governments are at the mercy of federal bureaucratic agency's approval because they are dependent on those federal highway dollars. After the summit I became aware of a federal buy-back program that other states have been doing to help ease these federal

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requirements. In simplest terms, the buy-back program involves the state buying a local government's allocation of federal highway dollars and then replacing them with state dollars. LB98 would authorize the Nebraska Department of Roads to implement a federal buy-back program with the state's local governments. This allows the local government to proceed with a highway project without most of the federal government red tape getting in the way, depending on the type of project. Smaller projects will be able to be designed and constructed in a much more timely fashion and allocate scarce highway resources in a more efficient manner. Under the bill, any local government that sells federal highway dollars to the state would be required to use the alternative funds for highway-related purposes and provide proof to the department of such use. Every state, except one, that provides a federal buy-back program does so at a discounted rate. For example, Minnesota gives 90 cents of state money for every federal dollar purchased from the local government. LB98 would leave it to the discretion of the Nebraska Department of Roads what discounted rates should be charged. This will enable the department to cover the added cost and burden of dealing with the federal requirements in regard to the purchased local dollars. Senator Hadley, I would be happy to answer questions from the committee, but I would ask your indulgence to let Director Fredrickson come up in a neutral position after I am finished so he would be available to answer any questions. [LB98]

SENATOR HADLEY: Are there any questions? Seeing none, thank you, Senator Fischer. [LB98]

SENATOR FISCHER: Thank you, Senator. [LB98]

SENATOR HADLEY: We will go out of order now. I would ask Director Fredrickson to come up in a neutral position to basically help explain the bill. [LB98]

MONTY FREDRICKSON: Good afternoon, Senator Hadley, members of the committee. I am Monty Fredrickson, F-r-e-d-r-i-c-k-s-o-n, director, state engineer for the Department of Roads and am testifying in a neutral capacity on LB98. As Senator Fischer noted, this bill would provide direct statutory permission for the department to enter into agreements with local public agencies for the purpose of exchanging their federal transportation dollars for state dollars. The bill does not mandate this exchange, nor should it, as there are a myriad of other factors and issues that would come into play when contemplating such an exchange. Passage of the bill would facilitate such an exchange providing all other issues could be worked out. I'd be happy to answer any questions. [LB98]

SENATOR HADLEY: Senator Campbell. [LB98]

SENATOR CAMPBELL: Thank you, Senator Hadley. Director, one of the questions that comes to my mind when Senator Fischer was testifying was, I understand that not every

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project would have a similar length and a need of money and that type of thing, but will the fees be spelled out by the department so that the local entity kind of knows whatever the array would be, or will they be done on a case-by-case basis? [LB98]

MONTY FREDRICKSON: The beauty of this program, if all other issues can be worked out, and there's a number of things to contemplate, we just give the local entities, let's say the counties, their fair share of the federal dollars at whatever discount rate we decide. So annually every county gets a check deposited in their account and they would need to set up a separate account, and then they can just keep accumulating that money until they have enough for a project that they want to build. [LB98]

SENATOR CAMPBELL: And, Director, I was trying to get at that rate of discount. Will it be similar to all projects or dependent upon size or complexity? [LB98]

MONTY FREDRICKSON: Oh no, our goal would be to have one standard rate for all exchanges. [LB98]

SENATOR CAMPBELL: Okay. Thank you. [LB98]

SENATOR HADLEY: Senator. [LB98]

SENATOR PRICE: Senator Hadley, thank you. Sir, my question is, when you talk about pooling state dollars and moving them down, won't that depend on the pool of state dollars you have available? I mean, that's...I'm sure that's one of the considerations you have for that. If every subdivision of government was entitled came up to you and said, I want my money, I'll take a 10 percent trade-in, or whatever that number is, and you would simply say, the house can't meet their (inaudible). [LB98]

MONTY FREDRICKSON: Yes, it depends on the amount of state dollars available and there's a clause in all other states that do this that say, if we run short, I'm sorry, we can't do this next year, or whatever year it occurs in. We think the way our state and federal dollars come to Nebraska over the past, if they continue in the future, with good planning there's ample opportunity to continue this program for a long time. [LB98]

SENATOR PRICE: Thank you very much. [LB98]

SENATOR HADLEY: Senator Dubas. [LB98]

SENATOR DUBAS: Thank you, Senator Hadley. Thank you, Director Fredrickson. First time I heard about this was at the conference last fall and I was very intrigued by it. Also attended an ag leaders conference here a couple of weeks ago and I went to one of the transportation workshops and stood up and brought up this concern about how much the federal process is dragging out our state process and what it is costing; and I can't

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even begin to count the number of people who came up to me afterwards and said, yeah, that's where we're at too. So I'm very excited about this prospect. Help me understand, how do we get federal dollars at the state level? So I guess what I'm driving at is, if we give a local entity X-amount of dollars, how soon do we get those dollars reimbursed from the federal level, or does that money come first and then we pass it out? [LB98]

MONTY FREDRICKSON: No, actually the local entity has to spend their dollars on the project and then seek reimbursement through us from the federal government. And if all the necessary paperwork is in order, that can happen in less than 30 days. [LB98]

SENATOR DUBAS: So there's not really a lag time then. So we wouldn't be putting out our state dollars and then sitting here wondering when we're going to get our federal dollars. [LB98]

MONTY FREDRICKSON: No. [LB98]

SENATOR DUBAS: So that all is going to happen in an orderly fashion. [LB98]

MONTY FREDRICKSON: Yes, and we would manage that part of the problem, if you want to call it a problem. What we're really saying is, in the neighborhood of...we would buy \$20 million to \$30 million of federal money from cities and counties. We would develop that many more federal projects on the state highway system instead of state funds-only projects and we would take those state funds and distribute them to the locals. So then it's our responsibility to claim the federal money on our own state projects. [LB98]

SENATOR DUBAS: And then you mentioned, in a previous comment, talking about giving this money to the local governments and having them putting it in a segregated account so they're going to have to keep this money separate from other types of finances that they receive? [LB98]

MONTY FREDRICKSON: Yes, We think that is a good provision to put in the agreement so that if we need to do some spot auditing, then we can track...the main focus is, did they spend it on transportation-related purposes and those that are enumerated in the bill are a pretty darn good list. [LB98]

SENATOR DUBAS: Thank you very much. [LB98]

SENATOR HADLEY: Senator Louden. [LB98]

SENATOR LOUDEN: Thank you, Senator Hadley. Well thank you for being here today, Monty. In this handout we got, I think it's entitled The Nebraska Highway Commission,

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and they speak about we will be asking that the participation be all or none. Now, does that mean all the counties or all the cities have to participate or does that mean which ever county participate it's all of their money? [LB98]

MONTY FREDRICKSON: No, when that was written, it meant all 93 counties need to sign on to this proposal. It just will not work well if there's three or four outliers the amount of money that they would get from a federal basis would be difficult to manage. And so how we decide...if we get to the point where we're 90 percent there and we're developing these agreements, we're going to, obviously, work with NACO and the League of Municipalities and we may need to create a consensus-type of agreement, if you will, rather than everybody signs on the dotted line. There's also another thought that you're either in or you're out and if you don't sign on to this then you will neither get federal money or state money. [LB98]

SENATOR LOUDEN: I see. [LB98]

MONTY FREDRICKSON: So there's several options. [LB98]

SENATOR LOUDEN: Now, and you mentioned...I think Senator Dubas asked about how you get that money and you said...does a county have to...say they want to overhaul a bridge or something, do they have to do that with their own money first, then get reimbursed? Is that how you (inaudible)? [LB98]

MONTY FREDRICKSON: That's how you have to do it today. But with these type of exchanges, they would not have to wait, they could accumulate the money in their bank account and then go build a bridge with their own money. [LB98]

SENATOR LOUDEN: Okay, because some of these counties are pretty close to the cuff and they about have to have some of that money in hand before they start a project. [LB98]

MONTY FREDRICKSON: They'd have to save up or manage their cash flow like we do. If this got going and we did it annually, then they could count on every March they would be getting their payment for their in-lieu of federal dollars. [LB98]

SENATOR LOUDEN: And they would know ahead of time about how much that would be? [LB98]

MONTY FREDRICKSON: Exactly. [LB98]

SENATOR LOUDEN: Okay, thank you. [LB98]

SENATOR HADLEY: Senator Campbell. [LB98]

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SENATOR CAMPBELL: Thank you, Senator Hadley. Director, I want to go back to the information that was distributed to the committee and it says: we would propose minimal new state oversight on how LPAs utilize their exchange fund. Could you amplify on that statement a little bit? [LB98]

MONTY FREDRICKSON: Yes, if we're going to make this exchange and try to streamline getting projects built, then let's take every opportunity was our goal and so we thought about the highway allocation dollars which are state monies distributed to locals today for transportation purposes, and in statute the counties need to develop a one...counties and cities need to develop a one- and six-year plan and then they have to certify to us that they have spent those highway allocation dollars properly for highway road and bridge construction, reconstruction, maintenance, etcetera, and that's the process of oversight, if you will. And that's what we would propose for these monies, is let's treat them similar to the Highway Allocation Fund and let the local entity certify to us that they spend them in the proper manner on transportation purposes. [LB98]

SENATOR CAMPBELL: Right. So you're really trying to get at here with this statement not so much that you want the oversight over the particular project, saying, well no, you really can't build that great 4-lane road in front of Senator Campbell's house, even though she really wants it, but what you're trying to certify here is that it's not diverted to be used for the aging center or that type of thing; that it's appropriately used for roads and streets and bridges? [LB98]

MONTY FREDRICKSON: Yes, we do not want to just take over the oversight ourselves, because that is part of the benefit we would get out of this program, if it flies, is that we don't have as much oversight on local projects. [LB98]

SENATOR HADLEY: Director Fredrickson, I guess I have a question. Does the federal government see this in any way, shape or form of gaming the system? I guess is this something that potentially down the line they say you can't do later because somehow we're circumventing their control or use of federal dollars? [LB98]

MONTY FREDRICKSON: I don't think so. The local people I've talked to do not think that we're trying to beat the system. They're okay with this. It happens in five other states. Obviously, Congress could change the law someday and make it illegal to do this, but, no, there is no apparent problem there. [LB98]

SENATOR HADLEY: We...this in any way would help...would this in any way help us circumvent federal rules and regulations that we find onerous now in doing projects? [LB98]

MONTY FREDRICKSON: Yes it would. [LB98]

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SENATOR HADLEY: Okay. I wish we would have had this 15 years ago. Thank you, Director Fredrickson. I see no other questions. Thank you. [LB98]

MONTY FREDRICKSON: Thank you. [LB98]

SENATOR HADLEY: We will now have proponents to the bill. If the first proponent would come forward. How many proponents will there be? I would ask that you, again, keep your comments to the point and try not to duplicate each other. Thank you. [LB98]

LARRY DIX: Good afternoon, Senator Hadley, and members of the committee. For the record my name is Larry Dix, I'm executive director of the Nebraska Association of County Officials appearing today in support of LB98 and certainly we thank Senator Fischer for bringing this forward. To make this rather quick, I would tell you from the Nebraska Association of County Officials point of view, we're pretty doggone excited about this. We think it's an excellent opportunity to help in that situation that we're currently going through with numerous, numerous counties struggling with bridge funding and things like that. We are spending literally hundreds and thousands of dollars on federal oversight when we have bridges that our school buses are going across and some of these roads do not have, you know, that significant traffic count, but the deterioration of the bridges are so significant that we have to do something. And what's happening now is if we're going through the current process, we're going to see just what we're seeing today in Saunders and Otoe County. We have significant...30 percent in some of those times of the bridges closed in those counties. And that has an impact on school bus routes; that has an impact on economic development from our ag folks trying to get product to market. It just impacts a lot of things that we do in the state of Nebraska. So one of the things that we are in complete agreement with Department of Roads is that we need to work together on this and I think it's evident by the meetings that we currently have had with Department of Roads to discuss this. Senator Loudon talked about the all or none. I would tell you that from NACO's point of view, we certainly want to see all counties participate and from our organization, from our board members, the support is there to work with those counties to help them understand this process so that we get all involved in this program. So I won't belabor it other than to tell you we are pretty excited about it. We think it's a great opportunity for our counties. [LB98]

SENATOR HADLEY: Thank you, Mr. Dix. Are there questions for Mr. Dix? Seeing none, thank you. The next proponent. [LB98]

GARY KRUMLAND: Senator Hadley, members of the committee, my name is Gary Krumland, it's K-r-u-m-l-a-n-d, representing the League of Nebraska Municipalities in strong support of LB98. Senator Dubas mentioned that this was an idea that was brought forward at the transportation summit last August and since then the League and the cities have been talking to Department of Roads and the cities who mainly are

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affected by this would be the cities of the first class are very excited. We haven't found any cities at all that are hesitant. They all think this would be a great way to improve and to expedite the building of roads and doing roads and street projects and they would be very willing to sit down with the Department of Roads and work with them if this bill passes so they can do this. As Senator Fischer mentioned, there's a lot of delays, a lot of red tape, to some extent, in the building of some of these roads with federal funds and if this can expedite some of these projects, it will lower the cost and get the projects done quicker than they are now. So we are in strong support of the bill and the cities are real excited about this. [LB98]

SENATOR HADLEY: Any questions for Mr. Krumland? Seeing none, thank you, Mr. Krumland. Next proponent. [LB98]

DON WESELY: Senator Hadley, members of the committee, I'm Don Wesely, W-e-s-e-l-y, registered lobbyist on behalf of the city of Hastings. We're one of those first class cities excited about this proposal. Mayor Vern Powers could not make it in because of the weather, so I'm just here expressing his enthusiast support for this bill. He was at the conference that you hosted in Omaha, Senator Fischer; and also Senator Nelson's conference and he spoke quite extensively about the frustrations in Hastings. The additional cost is unbelievable. As the former mayor of Lincoln and having worked with Senator Campbell when she's on the county board, it was tough for us to meet those federal regulations and very frustrating and very expensive. And that is a city of 250,000; so you have a city of 20,000 to 25,000 like Fremont or Hastings or Kearney and it's really a struggle. So this is very important legislation. We thank Senator Fischer for introducing it and support it enthusiastically. [LB98]

SENATOR HADLEY: Questions for Mr. Wesely? Seeing none, thank you, Mr. Wesely. Next proponent. [LB98]

JOE KOHOUT: Vice Chairperson Hadley, members of the Transportation and Telecommunications Committee, Joe Kohout, K-o-h-o-u-t, appearing today on behalf of and as registered lobbyist for the United Cities of Sarpy County; Coalition of the Mayors of Bellevue, Gretna, Springfield, La Vista, and...I got them all, I got them all. Again, it's been said by the previous testifiers, our support is...we echo Hastings' support for this legislation. We think it is a great piece of legislation and we look forward to working with the committee and getting it advanced. [LB98]

SENATOR HADLEY: Questions? Seeing none, thank you, sir. [LB98]

JOE KOHOUT: (Exhibit 4) By the way, Mayor Kindig had hoped to be with you today, but unfortunately because of the weather you have a letter from him. Thank you. [LB98]

SENATOR HADLEY: Next proponent. [LB98]

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DACIA KRUSE: Vice Chairman Hadley, members of the committee, I'm Dacia Kruse, D-a-c-i-a K-r-u-s-e and I'm here on behalf of the Greater Omaha Chamber to offer our support for LB98. We certainly appreciate Senator Fischer bringing this to the committee. I'll be brief. The state and local fund exchange that LB98 would authorize is just the kind of innovation we need as we look for ways to address our road funding needs both state and local. As others have said, this provides a much quicker and more efficient use of road construction funds by cities and counties at a time when funds have been short and regulations related to federal-aid funds have slowed construction remarkably. Thank you for your time and consideration and I'd be happy to answer questions. [LB98]

SENATOR HADLEY: Questions for Ms. Kruse? Thank you. Next proponent. [LB98]

JACKIE McCULLOUGH: Good afternoon. I'm Jackie McCullough, J-a-c-k-i-e M-c-C-u-l-l-o-u-g-h, and executive director for the American Council of Engineering Companies of Nebraska. Our members work hand in hand with local agencies to design and deliver road, street, and bridge projects all across the state. As their trusted advisors, they work with them through the processes of the federal program all the way from the environmental documents to construction and they are looking forward to this program being implemented in Nebraska and know that their clients would appreciate the ability to work with less constraints and put more of that valuable dollar towards the project instead of process and process. If you have questions, I'd be happy to answer them, but thanks, Senator Fischer, for bringing this forward and we look forward to its implementation. [LB98]

SENATOR HADLEY: Are there any questions for Ms. McCullough? Seeing none, thank you. [LB98]

KARL FREDRICKSON: Chairman Fischer and members of the committee, I'm Karl Fredrickson, K-a-r-l F-r-e-d-r-i-c-k-s-o-n. I'm here before you representing the Lincoln Chamber of Commerce in favor of this legislation. I think the...the (inaudible) I went to both of the meetings, Senator Nelson's summit, as well as Senator Fischer's summit. I think the issues that were brought up are actually understated. It's unfortunate that even this legislation is necessary in the sense that the federal regulation has made it that difficult and that costly and onerous to get a project through in an efficient manner. Realizing that there will still be federal regulations that still need to be followed, those are not in the Federal Highway Administration's purview. So we are certainly in favor of that and I wish it could extend to the Department of Roads so they wouldn't have to bear the entire burden for the cities and counties. That's all I have; we're in favor and if you have any questions. [LB98]

SENATOR HADLEY: Questions for Mr. Fredrickson? Seeing none, thank you, sir. Next

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proponent. [LB98]

CURT SMITH: Good afternoon, Senator Hadley, members of the committee. My name, again, is Curt Smith, C-u-r-t S-m-i-t-h. I am executive director of the Nebraska Chapter of Associated General Contractors and I'm here to support and thank Senator Fischer for introducing the bill. We as contractors have met and dealt with the frustrations involved not only...that are involved in the processes of getting projects to letting and many, many projects have been delayed because of those regulations. We are here to say we are in full support of this bill and urge you to give it its support also. Thank you. [LB98]

SENATOR HADLEY: Questions for Mr. Smith? Seeing none, thank you. Any other proponents? Seeing none. Are there any opponents to the bill? Seeing none. Are there any persons who wish to testify in the neutral capacity? Seeing none. Senator Fischer will waive closing. With that we will close LB98. Next, Senator Fischer, we welcome you to the committee again. I hope you took notes on how that last went so you can...when you're back being Chair, you can handle it smoothly also. (See also Exhibits 5 and 6.) [LB98]

SENATOR FISCHER: Thank you, Senator Hadley. It is a pleasure having you as Vice Chair of the committee and I appreciate your many talents and skills in moving a committee hearing along. My name is Deb Fischer, F-i-s-c-h-e-r, I am the Senator representing the 43rd District here in the Nebraska Unicameral. And I'm here right now to introduce to you LR3CA. This legislation is being introduced in conjunction with my bill, LB84, which has been referenced to the Revenue Committee. LB84 is a major highway funding proposal that I introduced this year. A part of that bill authorizes the use of highway bonds for state highway construction. The debt service of the bonds would be paid off with the state sales tax revenue that I am diverting to this new highway funding proposal. Currently, the Nebraska Constitution prohibits such a practice, Article XIII, Section 1, authorizes the issuance of highway bonds, but requires the payment of the interest and retirement of such bonds with any state revenue closely related to the use of such highways, such as motor vehicle fuel taxes, or motor vehicle license fees. LR3CA inserts state sales and use-tax revenue as a source of funding for the payment of the highway bonds issued by the state. As I said, this bill is, or this constitutional amendment is a companion piece to that major highway funding proposal that is before the Revenue Committee. And in order for bonding to be a part of that law, if it is passed this year, we would have to have this constitutional amendment be placed on the ballot, voted by the people for that \$25 million a year over the next 20 years that is derived from the half cent sales tax to be used for bonding. With that I would be happy to answer any questions. [LR3CA]

SENATOR HADLEY: Are there any questions for Senator Fischer? Seeing none. Thank you, Senator Fischer. [LR3CA]

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SENATOR FISCHER: Thank you. [LR3CA]

SENATOR HADLEY: Could I see a show of hands of the proponents? Again, I would ask that you...we will hear you all, but it doesn't hurt to say that you echo what the person ahead of you said. (Laughter) Let's start with the first proponent. [LR3CA]

LOY TODD: Senator Hadley, members of the committee, my name is Loy Todd, that's L-o-y T-o-d-d. I'm the president of the Nebraska New Car and Truck Dealers Association. I've also been asked to include the Nebraska Bankers' Association in our remarks. They couldn't be here today. And so, just strongly in support of this constitutional amendment. I would tell the committee that historically our association has always opposed and worked against bonding for roads, other than what is currently in statute. And we have always talked about an exception to that, and the exception that we had looked for someday was expansion of road building utilizing bonding for that, when there was an identifiable funding source for that, that identified and finite purpose and some end to the whole issue, as opposed to just general bonding. We have seen many states get involved very heavily in bonding for roads and somewhat to their detriment. You know, when the economy went bad in some places, they ended up with some real difficulties. And we have always been somewhat leery of that and strongly supporting user fees to take care of road funding. However, we have all seen the spiral; it's a horrible spiral that we're in. Our cars are so much more efficient than they used to be and so the gas taxes are down. The length that cars last now, it's almost double what it was when I started with this association. You know, it used to be that a car was worn out at 100,000 miles and you need to be ready to trade. Well now it's closer to 200,000 and all of those sources keep reducing the contribution to the roads. And so we've been looking for something like this as an answer. It's unfortunate we have to seek the constitutional amendment and go through all the effort of that task, but it's certainly worth it to us. We think this meets all the criteria that we've been looking for, for many years and look forward to helping to promote this constitutional amendment and also the companion legislation at a later opportunity. With that I would answer any questions. [LR3CA]

SENATOR HADLEY: Are there questions for Mr. Todd? Seeing none, thank you, Mr. Todd. [LR3CA]

LOY TODD: Thank you. [LR3CA]

SENATOR HADLEY: Next proponent. [LR3CA]

JUSTIN BRADY: Senator Hadley and members of the committee, my name is Justin Brady, J-u-s-t-i-n B-r-a-d-y. I appear before you today as the registered lobbyist for Nebraskans for Expressways and Economic Development in support of this

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constitutional amendment. As Mr. Todd laid out, we're supportive of the entire roads funding package that Senator Fischer has put forward this year and we would just echo that this is part of that package and we would try to answer any questions if you had them. [LR3CA]

SENATOR HADLEY: Are there any questions? Seeing none, Mr. Brady, thank you. Next proponent. [LR3CA]

DACIA KRUSE: Vice Chairman Hadley, members of the Transportation and Telecommunications Committee, my name is Dacia Kruse, D-a-c-i-a K-r-u-s-e, and I'm testifying in support of LR3CA on behalf of the Greater Omaha Chamber. As many of you know, the chamber has long supported bonding as a tool to help fund roads in our state. If our state isn't in the middle of a crisis when it comes to finding new methods to fund roads, it's certainly close enough to touch that crisis. From border to border and in every community in between, our state has road funding needs. While ideally it would be great if we could maintain the pay-as-you-go system that we have utilized for decades, unfortunately that system is in need of major updates. Responsible bonding is one mechanism that can help modernize that system. And I want to stress "responsible". Leveraging current dollars for a specified amount of time to be used for high-priority projects across the state with the consent of the voters, as LR3CA and Senator Fischer's companion legislation, LB84, does, is responsible bonding. In addition, bonding also hedges against inflation and allows us to build projects now that might not otherwise get underway. There is certainly support among our members for allowing the state to better utilize its financial resources through bonding and I believe the same holds true for the people across the state. I would urge you to advance LR3CA and I would be happy to answer any questions. [LR3CA]

SENATOR HADLEY: Questions? I have a question, Ms. Kruse. [LR3CA]

DACIA KRUSE: Yes. [LR3CA]

SENATOR HADLEY: Not that I wouldn't have asked the first two, but I think your ability to handle questions is (inaudible). [LR3CA]

DACIA KRUSE: Great. (Laughter) [LR3CA]

SENATOR HADLEY: Has the construction costs outpaced normal inflation...the construction costs for highways over the past few years? [LR3CA]

DACIA KRUSE: My understanding is yes. [LR3CA]

SENATOR HADLEY: And so consequently the idea is by bonding we can bring...we can do it now at today's dollars, pay off the bonds at that stated rate and hopefully save

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some funding over what it would cost us for the...the cost because of the higher inflation rates on bonding down the line? [LR3CA]

DACIA KRUSE: Yes. [LR3CA]

SENATOR HADLEY: Okay. Thank you. Next proponent. [LR3CA]

PETE McClymont: Senator Hadley and members of the committee, for the record my name is Pete McClymont, P-e-t-e M-c-C-l-y-m-o-n-t. I'm here as vice president of legislative affairs for the Nebraska Cattlemen and our membership would be in support of this bill just as the previous testifiers. Obviously in our industry, farm to market, roads are essential for delivering our products timely. And so we would greatly appreciate Senator Fischer's LR3CA as a new tool to help us achieve the goals that we need to now and in the future. [LR3CA]

SENATOR HADLEY: Questions? Mr. McClymont, just a quick question. The movement of beef, is any of it...I realize that live beef is not shipped by rail, but is packaged or boxed beef anymore shipped by rail or is it, basically, all by truck now? [LR3CA]

PETE McClymont: There would be a small amount, but you're correct. A vast, vast majority of it is done via semitrailer. [LR3CA]

SENATOR HADLEY: So for the beef industry, having good roads is paramount to getting their product to market? [LR3CA]

PETE McClymont: We would wholeheartedly agree. [LR3CA]

SENATOR HADLEY: Thank you. Thank you, Mr. McClymont. [LR3CA]

PETE McClymont: Thank you. [LR3CA]

SENATOR HADLEY: Next proponent. [LR3CA]

GARY KRUMLAND: Senator Hadley, members of the committee, my name is Gary Krumland, it's K-r-u-m-l-a-n-d. I represent the League of Nebraska Municipalities and I'm appearing in support of LR3CA. The league has been on record for years as a strong supporter of increased funding for highways and streets across the state. And we are in strong support of the proposed package this year, so we support this as an additional tool to help meet our goals of increasing funding. [LR3CA]

SENATOR HADLEY: Mr. Krumland. Questions? I see none. Thank you, Mr. Krumland. [LR3CA]

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JACK CHELOHA: Members of the committee, my name is Jack Cheloha, the last name is spelled C-h-e-l-o-h-a, registered lobbyist for the city of Omaha. I want to testify in support of LR3CA. The city of Omaha for years has utilized of bonds and bond repayments for financing of our streets within our city limits. It's a good program. It helps us to access needed funds in a large lump sum in order to fund the projects and then pay them back at a reasonable rate plus a lower interest rate. And I think it would be a good program, likewise, for the state to be able to utilize this as part of the proposal we're hearing about this year. So, for those reasons, we support LR3CA. [LR3CA]

SENATOR HADLEY: Questions for Mr. Cheloha? Thank you, sir. [LR3CA]

JACK CHELOHA: Thank you. [LR3CA]

SENATOR HADLEY: Next proponent. [LR3CA]

KARL FREDRICKSON: Senator Hadley, members of the...space what, I was just going to say, sorry...members of the committee. I'm Karl Fredrickson, K-a-r-l F-r-e-d-r-i-c-k-s-o-n, I'm speaking on behalf of Lincoln Chamber of Commerce. And again we are in favor of this legislative resolution as the package for Senator Fischer's other legislation. I would add maybe a little on your previous question, that bringing that money forward in today's dollars also saves you from having necessarily to redo all the federal highway environmental documents should they be delayed year upon year. You have to spend extra money to redo those documents, so we're in favor of that. [LR3CA]

SENATOR HADLEY: Any questions for Mr. Fredrickson? Hearing none, thank you, sir. Next proponent. [LR3CA]

CURTIS SMITH: Thank you, Senator Hadley, members of the committee. My name is Curtis Smith, C-u-r-t-i-s S-m-i-t-h. I'm executive director of the Nebraska Chapter Associated General Contractors and I'm here to speak in support of LR3CA. I would echo many of the comments previously made and note that our members have long been opponents of bonding without any revenue source to repay those bonds. We appreciate the care that Senator Fischer has given here to LB84 and this support constitutional amendment and we urge you to...we are full support of it and would ask your support as this goes forward. Thank you. [LR3CA]

SENATOR HADLEY: Questions? Mr. Smith, I guess a question and a comment; the comment first, I think your comment about a dedicated source is very important because bonding has been brought up in the past and we've heard about it and we haven't had a dedicated source for paying the bonds and if you just end up using the trust fund monies that we now have, you're kind of robbing Peter to pay Paul. You're front-end loading and then later you have nothing for current things. So I think that's...the dedicated source is very important. Secondly, as an industry, is there any

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concern that we have the capacity to handle the type...you know, let's say that we can convince 25 senators that the bonding, the use of sales tax to fund the bonds, and for the other things, do we have the capacity? Do we run any risk that we're going to increase the cost of roads because we don't have the companies to do it and it will just bring the price up? [LR3CA]

CURTIS SMITH: Well I hear...I appreciate your question, because I was asked that same question probably 20 years ago about when we were going to have an increase. And it might have been by a fellow by the name of Jerry Strobel, I'm not sure of that, but it might have been, whether or not the industry has the capacity to do the work that had been contemplated. And I'll be honest with you, I don't...we have never seen a shortage of capacity in the highway industry. It has been talked about, but...and perhaps if it were that big you could even, you know, work capacity...the supply goes where the money is, whether it's the jobs and you get more competition. I don't think there's any concern about even the local contractors being able to do the work that would result from any increase in funding. I really don't think it's a problem. [LR3CA]

SENATOR HADLEY: Okay. Well I think it's important because we don't know how long it's going to take us to get out of the economic doldrums we're in and such as that. And I think any type of construction, obviously, puts people to work; it's a product that is being purchased, quite often locally, people are working locally. So these are the kinds of things that will help the economy, potentially spur the economy as we go along. [LR3CA]

CURTIS SMITH: Well, and I share one more thought that I was going to say anyway, but we, as the industry, we think that we're...it's not altruistic, we're in the...it's a livelihood for our members, but by the same token, we firmly believe and would stand up and say that the economy of the state, you mentioned with the beef industry, you know, we need the highway...good highway transportation system in this state to get our products both directions to the people and to the market both anyway. Thank you. [LR3CA]

SENATOR HADLEY: Thank you. Further questions for Mr. Smith? Thank you, Mr. Smith. [LR3CA]

CURTIS SMITH: Thank you. [LR3CA]

SENATOR HADLEY: Next proponent. [LR3CA]

JACKIE McCULLOUGH: Good afternoon again. I'm Jackie McCullough, J-a-c-k-i-e M-c-C-u-l-l-o-u-g-h. I'm the executive director for the American Council of Engineering Companies of Nebraska. Our members see everyday the impacts associated with the lack of investment in our streets and highways. The buying power of our current funding

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system is losing ground rapidly. It's eroded by inflation, but it's also eroded by...with the...eroding fund...dwindling funding base just based on the improved vehicles that we have, the higher miles per gallon that they get, and less user fees to help support our roads. So bonding is a real important piece to help in this fund, transportation investment, especially for our capital projects. The funding of our roadways have diminished and unfortunately the needs have not diminished. So we're in support of anything that would bring additional funding to our transportation system in Nebraska and support Senator Fischer's constitutional amendment. [LR3CA]

SENATOR HADLEY: Are there questions for Ms. McCullough? Seeing none, thank you. Next proponent. [LR3CA]

JOE KOHOUT: Vice Chairperson Hadley, members of the Transportation Committee, Transportation and Telecommunications Committee, Joe Kohout, K-o-h-o-u-t, registered lobbyist for the Professional Engineers Coalition of Nebraska appearing today on behalf of them and here to support this bill. We have taken a position of support of both LR3CA, as well as LB84 that is pending in the Revenue Committee. With that I'll try to answer any questions you might have. [LR3CA]

SENATOR HADLEY: I have one questions, Mr. Kohout. If we were to pass this and the body is to pass it, we've had a lot of people testify in favor of it. Part of getting a constitutional amendment passed is to inform the people of the need for it. Do you believe that there are organizations out there that will be willing to help if we get it through the committee, get it through the Legislature as far as informing the people of Nebraska why this is an important process? [LR3CA]

JOE KOHOUT: And I...we had not discussed any sort of financial commitment at that level. [LR3CA]

SENATOR HADLEY: No, I understand that. I am not asking for a dollar commitment. [LR3CA]

JOE KOHOUT: So I just want to make that clear before I...(inaudible). [LR3CA]

SENATOR HADLEY: Yeah, yeah, no, no. [LR3CA]

JOE KOHOUT: No, I do believe there is. I mean if you look at the folks who testified here, they are very familiar with what is necessary in order to get that issue out there and before the public. The League, NACO, have done an excellent job historically of getting the issue out there. So I think they, along with the business interests that are standing behind this I think would be willing to stand behind that. [LR3CA]

SENATOR HADLEY: Because I think it is important, if it does get through the next

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couple of steps that we do inform the people of Nebraska why we felt it was important that they vote on this. [LR3CA]

JOE KOHOUT: Absolutely. [LR3CA]

SENATOR HADLEY: Thank you, sir. The next proponent? Oh, I'm sorry. Senator Louden. [LR3CA]

SENATOR LOUDEN: Thank you, Joe; and thank you, Senator Hadley. Do you think it would be easier to pass this, this constitutional amendment to use sales tax to bonding and fund roads than to raise the fuel tax? [LR3CA]

JOE KOHOUT: Boy, you know, I do think...I...from...if you're asking me from a strictly a political perspective, I think it's easier. I think this is an easier sell than a tax increase on fuel. [LR3CA]

SENATOR LOUDEN: Okay, I mean, because you're putting it up to the people and that is a choice that's made is whether they want to...use some of their sales tax money or whether they want to increase the fuel tax. [LR3CA]

JOE KOHOUT: And I...let me speak a little bit from my familiarity with where I live in terms of the proximity to those who go across the river to some extent, is I think the fuel tax issue, particularly in our border cities, is a hot button issue and I think it would be very difficult, but I think if you start talking about a commitment of the sales tax, I think it's a little bit easier sell politically. [LR3CA]

SENATOR LOUDEN: Okay, thank you. [LR3CA]

SENATOR HADLEY: Thank you. Further questions? Thank you. [LR3CA]

JOE KOHOUT: Thank you. [LR3CA]

SENATOR HADLEY: Any other proponents? Seeing none. Are there opponents to the resolution? Seeing none. Are there people in the neutral? Seeing none. Senator Fischer will you close? She waives closing. With that, we will close this hearing and we will close the meeting. [LR3CA]