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Transcriber's Office

Transportation and Telecommunications Committee
January 28, 2013

[LB32 LB207 LB249 LB250 CONFIRMATION]

The Committee on Transportation and Telecommunications met at 1:30 p.m. on Monday, January 28, 2013, in Room 1113 of the State Capitol, Lincoln, Nebraska, for the purpose of conducting a public hearing on LB32, LB207, LB249, LB250 and a gubernatorial appointment. Senators present: Annette Dubas, Chairperson; Jim Smith, Vice Chairperson; Lydia Brasch; Galen Hadley; Beau McCoy; and Dan Watermeier. Senators absent: Charlie Janssen; and Scott Price.

SENATOR DUBAS: It is just shortly after 1:30, so I think I'll call this hearing to order. I welcome you all this afternoon to the Transportation and Telecommunications Committee hearing. Today we'll be starting out with a confirmation hearing of Rhonda Lahm, Department of Motor Vehicles. And then the bills before us this afternoon we'll...deal with LB32, LB207, LB249, and LB250. So if you're here for something outside of those numbers, you'll either have to come back later or find another hearing room. I'd like to take the opportunity to introduce my fellow committee members before we get started. To my far right, Senator Charlie Janssen from Fremont will probably be joining us at a little later time. And before I go on, as senators may come and go, you know, please don't be offended by that. They're probably introducing bills in other hearings or have things that they need to take care of. So they just kind of get up and come and go as need be. Next would be Senator Dan Watermeier from Syracuse. Next to Senator Watermeier would be Senator Price, but he is not with us today because of some other obligations. Next to Senator Price is the Vice Chair of the Transportation and Telecommunications Committee, Senator Jim Smith from Papillion. Joselyn Luedtke is the Transportation and Telecommunications' legal counsel. My name is Senator Annette Dubas. To my immediate left is Anne Hajek. She is the committee clerk. So she's the one you want to make sure you get all your paperwork correct for, and you are sure that you state and spell your name very clearly into the microphone as you come up to testify. Next to Anne is Senator Galen Hadley from Kearney; Senator Beau McCoy from Omaha; and last but not least, Senator Lydia Brasch from Bancroft. We have two pages today. Our pages really do provide a real great service to the committee and to the Legislature as a whole, so they'll take your sign-in sheet, and if you have any handouts that you would like to have passed out...If you have 15 copies that's helpful; if you don't, and you want to get them to the pages ahead of time, they can go and make those copies for you. And if you need anything else, they're here to help you. So our pages today are Kaitlyn Evanko-Douglas. She's from Montrose, Colorado, is a senior at the University of Nebraska studying political science and global studies. David Postier is from York, Nebraska. He's a sophomore at UNL studying secondary education. The order we take testimony in today is...after the introducer, then you will have the proponents, then the opponents, and then neutral testimony. If you're going to testify in person today...the table as you come in the door...there will be these green sheets, you'll have those filled out and ready to hand in when you come up to the table. Again, the pages will take those and hand them in for you. If you want to record

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Transportation and Telecommunications Committee
January 28, 2013

your presence today but aren't necessarily going to get up and speak necessarily one way or the other, you can put your name and other information on the pink sheet, and then we'll pick that up after the hearing is over with. Again, reminding you to state and spell your name clearly, and if you get started into your testimony and haven't stated and spelled your name, I will try to remember to stop you. That's important for our clerk and for the transcribers, should they have any questions, and if your name doesn't come across clearly, if they have that spelling, then they can do some cross-referencing with the sheets that you hand in. It's just another way to make sure that our record is very accurate. We do have a light system, but, you know, for right now with the bills that we're talking about I'm not anticipating that we'll have to use that light system. Just hopefully, you know, you respect...you know, make your point. If there's a lot of people testifying, just not getting up and repeating the same thing that others have done. I ask that you put your cell phone or any other electronic device on silence. If you do have to have some conversations and they're extended conversations, we would ask that you take those out into the hallway. Again just...our microphones and of course our first inclination is to grab the microphone. These aren't necessarily for amplification as much as they are for recording and they are very sensitive to any finger tapping, paper rustling, those kinds of things and, again, makes it difficult for our clerk and the transcribers. So if you can try to keep your hands off the microphone and minimize any other additional noise at the time that you're at the table, and that goes for us senators, too, I guess. We've been known to cause some distractions on our side of the microphone as well. So appreciate you being respectful of that. With that, I think I've covered all of the housekeeping duties, and we will begin first off with a confirmation hearing: Rhonda Lahm with the Department of Motor Vehicles. Would you like to come forward? And we'll just give you a chance to tell us a little bit about yourself and the new duties you're about to walk into. Welcome. [CONFIRMATION]

RHONDA LAHM: (Exhibit 1) Thank you. Good afternoon, Senator Dubas and members of the Transportation and Telecommunications Committee. My name is Rhonda Lahm, R-h-o-n-d-a L-a-h-m, and I have been appointed by Governor Heineman to serve as the Director of the Department of Motor Vehicles. I look forward to this opportunity to share with you my background, experiences, and qualifications for this position. I was born in North Platte, Nebraska, and grew up on a farm in southwest Nebraska. After attending a one-room country school through sixth grade, I then attended and graduated from Maywood High School. I attended Kearney State College, now known as the University of Nebraska at Kearney, for one year and then transferred to Nebraska Wesleyan University in Lincoln, where I graduated with a bachelor of science degree in biology. In 1980, I began my service as an employee of the state of Nebraska at the Department of Corrections as a correctional officer and was later promoted to Corrections corporal. In April of 1983, I joined the Nebraska State Patrol and completed their officer recruit training, where I received my commission as a law enforcement officer on June 10, 1983. My first duty assignment was as a trooper in Lexington. During the ten years I was stationed in Lexington, I spent two years assigned to the Drug Division and three

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Transportation and Telecommunications Committee
January 28, 2013

years assigned to the DARE, which is the Drug Abuse Resistance Education program. I was involved in local community groups to combat underage drinking and assisted the local schools with their drivers education programs. In 1993, I was promoted to sergeant and relocated to Lincoln, assigned to the Training Academy. My primary responsibility was the administration of the statewide DARE program. I was later transferred to the Field Services Division as a sergeant. In 1999, I accepted a promotion to lieutenant and served as the agency...as the liaison to the Legislature. In 2001, I was promoted to captain in Field Services and was commander of the Aviation Support Division and the Police Service Dog Division. In July of 2002, I was selected to attend Northwestern University School of Police Staff and Command. In 2006, I was offered and accepted a promotion to major of Administrative Services. As Administrative Services major, I was responsible for the oversight of several support divisions within the agency, including: Information Technology, Grants, Training Academy, Supply, Purchasing, Accounting, Project Manager...Management, and the Communications Network. I held this position until my retirement from the State Patrol in August of 2008. During my tenure on the Nebraska State Patrol, I had many opportunities to represent the agency on committees and boards and work collaboratively with other state agencies on projects. I served on the State Emergency Response Commission, State Highway Safety Committee, Homeland Security Policy Group, DARE Advisory Council, Agency Strategic Planning Committee, and Citizens Advisory Council. After retiring from the Nebraska State Patrol, I enrolled in the master's degree program at Doane College where I completed my master of arts degree in management and leadership in September of 2010. In July of 2009, I returned to the work force as an examiner with the Department of Motor Vehicles, originally working at one of the Omaha testing locations and later transferring to Lincoln. In September of 2011, I was rehired by the Nebraska State Patrol as the agency records manager, a position I held until my recent appointment as Director of Department of Motor Vehicles. I will continue to build on the foundation established by Director Neth's leadership in the use of technology to provide top-notch customer service to the citizens of Nebraska. Thank you for the opportunity to meet with you today. I would be happy to answer any questions you may have. [CONFIRMATION]

SENATOR DUBAS: Well, thank you so much for coming forward and giving us the opportunity to meet you personally and ask you some questions. So with that, are there questions for Ms. Lahm? Senator Smith. [CONFIRMATION]

SENATOR SMITH: Yes. Ms. Lahm, thank you for coming and testifying.
[CONFIRMATION]

RHONDA LAHM: Certainly. [CONFIRMATION]

SENATOR SMITH: And we certainly appreciate...thank you, Madam Chair. So do you have any predetermined ideas or areas for improvement in the department that you're coming in with or what are your plans, your 30-, 60-, 90-day plans to get a grasp of

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Transportation and Telecommunications Committee
January 28, 2013

what's going on and what needs to be addressed? [CONFIRMATION]

RHONDA LAHM: Well, you know, some of the items that I've talked with Director Neth about you heard about earlier today in the briefing. Certainly, technology is always advancing. Anything that we can make available to the citizens on-line so that they can shop 24/7, so to speak, with the Department of Motor Vehicles are areas that we want to look at. And also the enhancement of use of technology in making things secure so that we know, when we're issuing a document, we're issuing it to somebody who should have it so that your identity and everybody else's is protected. So technology and those areas as well. As far as, you know, efficiencies and looking at models, I'm most familiar with examining. And we talked about that this morning, or Director Neth talked about that this morning. And we're looking at ways that we can model it and still serve the citizens but use more efficiently the time of our examiners so they don't have so much downtime in rural or less-populated areas. So this is some of the things we're looking at right now. [CONFIRMATION]

SENATOR SMITH: Thank you. [CONFIRMATION]

SENATOR DUBAS: Other questions? Senator Brasch. [CONFIRMATION]

SENATOR BRASCH: Thank you, Madam Chairman. And I also want to thank you for testifying here today and also for your longtime outstanding services... [CONFIRMATION]

RHONDA LAHM: Thank you. [CONFIRMATION]

SENATOR BRASCH: ...that you've contributed to our state. And I do listen to you with great interest about technology and how it would be an improvement or the next move. In our briefing this morning, we talked about the challenges of technology and broadband and communication and especially in our rural communities across the state. Do you see anything that possibly could help repopulate our rural areas or improve technologies into those places to better serve? [CONFIRMATION]

RHONDA LAHM: You know, I'm not familiar with all of the technology infrastructure in the state at this time yet. But something we'll obviously take a look at to see what is out there and is there potential. I know, coming from a very rural area myself, growing up there in that area, that oftentimes there isn't enough infrastructure to support it, and so a handicap is what we can do. But maybe there's opportunities both with private-public collaborative efforts. I know that's happened with some other state agencies. So maybe, you know, you can get more bandwidth, be able to travel if we can work on some partnerships privately. Maybe there's some companies in private out there. Those are the things that we have to take a look at. [CONFIRMATION]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Transportation and Telecommunications Committee
January 28, 2013

SENATOR BRASCH: Thank you. And then also this morning we talked about potential finances that could be looming if we are not meeting federal mandates on...
[CONFIRMATION]

RHONDA LAHM: Right. [CONFIRMATION]

SENATOR BRASCH: Any thoughts on that? [CONFIRMATION]

RHONDA LAHM: Well, certainly we want to do our part so that we don't lose critical funding to the state of Nebraska. So, you know, we'll do what we can, within our parameters and policies and the framework of the department, to make sure we're compliant. Unfortunately all of the strings aren't...we don't hold all of the strings. Unfortunately to that. But we'll do what we can, on our part, to try to prevent that from happening. [CONFIRMATION]

SENATOR BRASCH: Thank you again. I have no other questions. [CONFIRMATION]

SENATOR DUBAS: Senator Hadley. [CONFIRMATION]

SENATOR HADLEY: Chairman Dubas, thank you. Thank you, Ms. Lahm, for being here. I just had a couple of quick comments. If you have anything of interest on the sergeant at arms in his previous life as a major, we'd appreciate it if you would give us that so that we could use that against him when he starts, you know, bossing us around upstairs. So anything you could give us on that would be very much appreciated. There's an old story in management, the easiest way to succeed is to follow somebody who really screws up. I'm sorry, but in your case that's going to be difficult because Director Neth has done, you know, an outstanding job, at least from my point of...
[CONFIRMATION]

RHONDA LAHM: I would concur. [CONFIRMATION]

SENATOR HADLEY: ...running the department. And I guess the only advice I could give you is that she would be a good role model to look at as to how you run the Department of Motor Vehicles and how you work with the Legislature closely in getting the things done because I think she's done an outstanding job, and I'm very confident that you'll continue that kind of work. So I welcome you aboard. [CONFIRMATION]

RHONDA LAHM: Thank you. I couldn't agree more. She's done excellent. And retired Major Witkowski was my first captain when I came on the Patrol. [CONFIRMATION]

SENATOR HADLEY: Is that right? [CONFIRMATION]

RHONDA LAHM: Yes. [CONFIRMATION]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Transportation and Telecommunications Committee
January 28, 2013

SENATOR HADLEY: So you must have a notebook someplace full of...
[CONFIRMATION]

RHONDA LAHM: So I have to be careful because he probably has one on me too.
[CONFIRMATION]

SENATOR DUBAS: Are there other questions? I would have a couple for you. How do you see yourself...you know, any time we transition from different leadership there's always, you know, people are wondering what's going to happen, what are the changes going to be like. So what are some of the things you would envision yourself doing as far as easing that transition and...with your employees? [CONFIRMATION]

RHONDA LAHM: Well, I'm in a fortunate position for a number of reasons. One, certainly the department is well-situated right now, so that's certainly helpful. Secondly, I worked with a lot of the administrators that are currently there when I was on the Patrol because we served on committees with common interests. And so I already have the knowledge and have relationship with a lot of those people, so that's helpful. As an examiner, I knew a lot of the examiners here, all of them in Lincoln, except the ones that have been hired since I left, and some of them in Omaha as well as their supervisors. So that's helpful too. So a lot of people already know me. So that's helpful in building relationships because I think that's the first step when you come in as a new leader or manager is to build relationships with those folks that you work with. But, as far as protocol, the first thing is I need to just get an understanding of everything that's happening in the department right now. I don't envision any sweeping changes happening because when things are going well, and good things are happening, there is no need to change it. And then the flip side of that is the challenges that we talked about this morning. I'll have to be looking at: what are some viable options for those, that work, that we can make some win-win situations for the citizens and the department as well.
[CONFIRMATION]

SENATOR DUBAS: You just talked a little bit about your experience from your previous life and the jobs that you've held. So I guess just expand on those a little bit more...how that's going to help you, assist you, in moving into this other field. [CONFIRMATION]

RHONDA LAHM: As far as my positions previously in the Patrol or previously in the Department of Motor Vehicles? [CONFIRMATION]

SENATOR DUBAS: In the Patrol probably but both. [CONFIRMATION]

RHONDA LAHM: Well, as the administrative services major, in that position in the Patrol, it is involved in lots of different areas. When I retired, I had a project sheet of 41 projects that were currently ongoing that I was overseeing. So I see that my skills and

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Transportation and Telecommunications Committee
January 28, 2013

abilities to balance and juggle that many projects and keep them on track and meet deadlines will be helpful with the same very many projects that are happening in the Department of Motor Vehicles. So I see that helping there. And also previously working with the Legislature and the Patrol and those certainly will be helpful in my new role as Department of Motor Vehicles. [CONFIRMATION]

SENATOR DUBAS: Very good. And one just kind of personal interest. Your first degree was a science degree in biology. So how did you go from biology to law enforcement to now DMV? [CONFIRMATION]

RHONDA LAHM: When I...I actually was a premed major in college, and when I got out of college I wanted to work and pay off my student loans before I went on to med school because I had like \$2,000 worth of loans and this seemed like an awful lot of money in 1980. So I started to work at Corrections, and Corrections was where I was exposed to law enforcement. At the time, career opportunities were very limited in Corrections. I was working in an adult male facility, and so females were not permitted in the living areas which limited what jobs you could do there. So I looked at other opportunities within Corrections/law enforcement and applied to the State Patrol. When I got there, I liked what I was doing. Actually I've always liked what I have done. I can't envision going to work and not liking what you do. So that just led through on, so I stayed because I liked it, and I never went back to medical school. [CONFIRMATION]

SENATOR DUBAS: Very good. [CONFIRMATION]

RHONDA LAHM: That's still on my bucket list. [CONFIRMATION]

SENATOR DUBAS: Very good. Any other questions? Well, again, we thank you so much for taking the time and coming and visiting with us today. Look forward to our working relationship. [CONFIRMATION]

RHONDA LAHM: Thank you. Me as well. Thank you. [CONFIRMATION]

SENATOR DUBAS: Is there anyone who would like to testify in support of Ms. Lahm's confirmation? [CONFIRMATION]

BEVERLY NETH: Chairwoman Dubas, my name is Beverly Neth, B-e-v-e-r-l-y N-e-t-h. Members of the committee, I'm here to testify in support of Rhonda L. Lahm's nomination as Director of the Department of Motor Vehicles. Having served as the director for 13 years, I'm a little vested in the position and who would be taking over the agency. When Rhonda's name was brought up for the appointment, I really felt as though I could let out a sigh of relief because I knew that all the things that we had been working on as a team at the DMV were going to be in good hands. You can see from Rhonda's resume that she has the management and leadership necessary to take on

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Transportation and Telecommunications Committee
January 28, 2013

an agency the size and breadth of the Department of Motor Vehicles. I have known Rhonda since she was a legislative liaison for the State Patrol and have seen here transition through her leadership positions at Patrol, and she really has never missed a beat. She is going to be a fantastic leader for the Department of Motor Vehicles, and I think her transition will be smoothed by the level of support that she will get from the staff at the DMV. The administrative and management staff at the Department of Motor Vehicles is really just stellar. They are all passionately vested in what they do. They have been around the department for literally decades for many of them, and they do what they do because they love serving as public servants and because they had a real feel for the Department of Motor Vehicles. And so she's going to be in good hands at the department, and I think she's going to continue to lead the department forward to be one of the really preeminent DMVs in the country. So with that, I would take any questions. [CONFIRMATION]

SENATOR DUBAS: Very good. Thank you. Are there any questions? Seeing none, again, we'd like to thank you publicly for your service. And I know there's been some reference to a briefing that we had this morning and just for the audience's information, the Director put together a very condensed 101 version of DMV auto titling and licensing, but I think it was very helpful for all of us. So we do appreciate your leadership and look forward to working with your successor. [CONFIRMATION]

BEVERLY NETH: Very good. Thank you very much. Thank you. [CONFIRMATION]

SENATOR DUBAS: Thank you so much. Any other proponents? Anyone in opposition? Anyone in the neutral capacity? Seeing none, that will close the confirmation hearing. And we will move onto legislative bills, beginning with Senator Hadley. [CONFIRMATION]

SENATOR HADLEY: Chairman Dubas and members of the Transportation and Telecommunications Committee, my name is Galen Hadley, G-a-l-e-n H-a-d-l-e-y. I represent the 37th District in Kearney. And I have another noncontroversial bill. (Laughter) This is bill that I am bringing at the behest of the Department of Motor Vehicles. Those of you who were around last year, we had a bill dealing with what we called the...I believe it was the special interest plates created. And basically this was cars that were not to be used as full-time cars on the street. They were specialty cars, and the owners primarily wanted to get by with one plate because, quite often, drilling holes in the front license plate...or front bumper on some cars is considered defacing it. Well, anyway, part of the thing is that there is a list of plates that cannot be used for historical plates, and what we need to do with this bill is just add those special interest plates to that very list of bills...or list of plates that cannot be used for historical plates. And Director Neth is here to explain it in more detail, but it's basically to add a couple of two or three words to the statute is what it is. [LB32]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Transportation and Telecommunications Committee
January 28, 2013

SENATOR DUBAS: Very good. Questions for Senator Hadley? None. Thank you. Do we have proponents? [LB32]

BEVERLY NETH: (Exhibit 2) Chairwoman Dubas, members of the committee, I'm Beverly Neth, B-e-v-e-r-l-y N-e-t-h, Director of the Department of Motor Vehicles. I'm appearing before you today to offer testimony in support of LB32. I want to thank Senator Hadley for introducing this--I'm not going to call it a cleanup bill--on behalf of the Department of Motor Vehicles. It's a little bit more than that. LB32 amends a section of statute that should have actually, technically been included in LB216 adopted in 2012 which created this special interest license plates. The bill provides that a special interest license plate cannot be used interchangeably with a historical license plate. The correction is small, but it is necessary to prevent registration confusion between special interest plates and historical plates. Historical plates may only be used to register historical vehicles 30 or more years old. Historical plates are one-time registration; they are not renewed annually. Motor vehicles registered with historical plates cannot be used for daily transportation, but only can be operated for such things as public displays and/or parades. Special interest plates are also limited use license plates in that motor vehicles registered with special use plates may only be used for things such as public displays or parades. However, the plates differ in that the special interest plates may only be used on special interest motor vehicles that are motor vehicles...those that would be motor vehicles significant to collectors. A special interest motor vehicle means a vehicle with present or future significance in design being collected, preserved, restored, or maintained by the owner as a leisure pursuit and not used for general transportation of persons or cargo. These vehicles cannot be used for daily transportation and are essentially collector's items. LB32 is introduced to keep the lines between two plate types clear and to promote correct registration of special interest motor vehicles. Chairwoman Dubas, I'd be happy to answer any questions the committee members may have at this time. [LB32]

SENATOR DUBAS: Thank you, Director Neth. Are there any questions? Seeing none, thank you. [LB32]

BEVERLY NETH: Thank you very much. [LB32]

SENATOR DUBAS: Additional proponents for LB32. Any opponents? Neutral? Senator Hadley waives his closing. All right. We'll move on to our next bill. Senator McCoy, LB207. [LB32]

SENATOR McCOY: Thank you, Chairwoman Dubas and members of the committee. I am Beau McCoy, for the record, that's B-e-a-u M-c-C-o-y, and I represent the 39th District here in the Legislature. I'm here this afternoon to introduce LB207, which is at the request of the Department of Motor Vehicles, and it would deal with centralizing motor vehicle registration renewal notices within the department. Currently, counties

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Transportation and Telecommunications Committee
January 28, 2013

print and send renewal notice postcards. And this issue really has come up as the dot matrix printers, and Director Neth will follow along behind me to kind of explain this in more detail, as they breakdown and wear out and need to be replaced, and we need to move beyond the postcard system that's used currently into more of an 8.5 by 11 size notice that will need to be sent out. This has become an issue of, well: how will this be affordable? And how is the most efficient way to go about this process? And I think all of us, probably, in our time here in the Legislature have looked at things and said, "You know, there are times that things just seem to be good government. That makes common sense and would save money and not only for the taxpayers of Nebraska, but also make things as easy and the most efficient way possible for our agencies." This legislation seems to be such an issue. Centralizing this and changing the wording of some of the fees there back to the agency from the counties will help be able to also deal with the national change of address database, which will really help make sure that we're getting these notices out to people in the correct way. And, as Director Neth will talk about in a few moments, there's certainly some practices and ways to go about this that hopefully we've addressed in the legislation. And I think we've also hopefully addressed any concerns, or at least the best we can, on this to make this going forward. We've talked about technology, not only in our briefing this morning, but as we've just talked about a couple of different times. In this day and age of rapidly advancing technology, making sure that we're handling these notices to the best degree possible. And with that, I would close and entertain any questions if there are any. [LB207]

SENATOR DUBAS: Thank you very much, Senator McCoy. Are there any questions? Senator Hadley. [LB207]

SENATOR HADLEY: Thank you, Chairman Dubas. Senator McCoy, basically what we're talking about is mailing out the notice. Is that a correct statement? [LB207]

SENATOR McCOY: Yes. [LB207]

SENATOR HADLEY: I'm still...if I go to get the...take the notice down to my county clerk, or whoever I take it to to get the license or the little tabs, that will remain the same? [LB207]

SENATOR McCOY: Correct. [LB207]

SENATOR HADLEY: Okay. [LB207]

SENATOR McCOY: Yeah. And as the director will talk about here in a minute, if I'm explaining this correctly, and I'm sure she'll probably explain in more detail and articulate it better than I can. But the counties can access this information from the department anyway and send out the postcards. And those dot matrix printers are wearing out and, for privacy purposes, and everything else, and for technology, we'll

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Transportation and Telecommunications Committee
January 28, 2013

need to move to a regular 8.5 by 11 page in an envelope, which is obviously going to come at a cost. And this seems to be a way to do it most efficiently; the department can handle this probably more efficiently than anyone can through administrating this through a contractor will likely take care of this. So, yes. Obviously still the county will be involved, it'll just be from the notice standpoint a little more efficient through this method. [LB207]

SENATOR HADLEY: Thank you, Senator McCoy. [LB207]

SENATOR DUBAS: Other questions? Thank you. Oh, Senator Brasch. [LB207]

SENATOR BRASCH: Sorry. Have they thought about going to three to a page rather than a whole sheet of paper on these, because those notices really don't have a lot of text on them, I don't think? [LB207]

SENATOR McCOY: I apologize, Senator Brasch, I don't know the answer to that question directly. I'm certain, though, that the director would probably be able to speak to that... [LB207]

SENATOR BRASCH: Okay. [LB207]

SENATOR McCOY: ...better than I can at this moment anyway. [LB207]

SENATOR BRASCH: Okay. My only question. Thank you. [LB207]

SENATOR DUBAS: All right. Thank you. [LB207]

SENATOR McCOY: Thank you. [LB207]

SENATOR DUBAS: All right. Proponents. [LB207]

BEVERLY NETH: (Exhibit 3) Chairwoman Dubas, members of the committee, I am Beverly Neth, B-e-v-e-r-l-y N-e-t-h, Director of the Department of Motor Vehicles, appearing today to offer testimony in support of LB207. I want to thank Senator McCoy for introducing this bill on behalf of the department. With LB207, the department proposes to centralize the issuance of motor vehicle registration renewal notices. This proposal amends Nebraska Revised Statute 60-3,186(1) and other statutes associated with the duties of county treasurers as they relate to the motor vehicle renewal notices that are mailed each month to vehicle owners. This proposal has been discussed for a number of years with NACO and the county treasurers, individually and in group settings. In last...this last December, I advised the county treasurers at the annual NACO meeting in Kearney that the DMV would be seeking a sponsor for this bill, and I did in fact advise that we would be asking for a 50 cent transfer. Centralizing the duty to

provide motor vehicle renewal notices with DMV will achieve several objectives focused on lowering costs and creating efficiencies. It will address obsolete printer technology concerns and issues, decrease the overall costs of the renewal notice program, and allow the DMV to utilize existing technology to transmit renewal notices. Without this change, costs will increase to maintain the same process and format for the delivery of motor vehicle renewal notices to the public. There are several reasons why the costs will increase. Most county treasurers print postcard renewal notices on line printers. The DMV leases the printers from the Office of the CIO and provides them to the counties. The DMV also purchases the postcards for the counties. These line printers are obsolete technology, frankly have been for years. The DMV cannot replace broken line printers with new ones. We are currently cannibalizing old printers for replacement parts. The DMV could simply replace the obsolete printers with laser printers. However, that solution raises several issues, all related to the cost of the renewal notices. It is unlikely that the laser printer solution would accommodate printing postcard renewal notices. Instead, the notices would be printed on 8.5 by 11 sheets of paper and mailed in a business envelope. This will increase costs for paper and mailing for most counties, unless this bill is adopted. Replacing line printers with laser printers would also mean that counties would have new costs associated with the printer toner cartridges. Line printers use printer ribbons that last forever, essentially, and laser printers use toner. Toner cartridges generally provide for printing 7,000 sheets of paper. For example, Sarpy County printed 9,700 renewal notices in January. Its toner costs would go from zero with the line printer to \$220 utilizing a laser printer, just in toner costs. Rather than deploy the laser printer solution to 91 counties, the DMV through this bill is proposing to centralize the renewal notice program. The DMV believes centralization can ultimately lower the costs of the overall program in the following ways. Before I go any further, I should probably explain. I do know there are 93 counties in Nebraska. Two counties, Lancaster and Douglas, have...use a different printing motor vehicle renewal solution. They...Lancaster County has a company they contract with for that process, and Douglas County does their own 8.5 by 11 mailing as well. So they do not use our postcards. The DMV can eliminate its monthly line printer lease costs and annual postcard costs as evidenced by the attached fiscal note. The DMV will also reduce costs by implementing an e-mail or mobile device notification system. Electronic notices to customers will allow the DMV to link the electronic renewal notice directly to the on-line motor vehicle registration renewal program resulting in customer convenience. The DMV proposes to fund this proposal by shifting 50 cents from the fees currently retained by county treasurers pursuant to Nebraska Revised Statute 60-3,141. Pursuant to that statute, the county treasurers retain \$2 for each registration of a motor vehicle or trailer of a resident and \$5 for every nonresident vehicle or trailer registration. In addition to those fees, the statute also provides that counties retain 1 percent of the motor vehicle taxes collected pursuant to 60-3,186 and 1 percent of the motor vehicle fee paid pursuant to 60-3,190. In 2012, the counties collectively retained \$5,049,753 pursuant to 60-3,141 and \$2,104,817 for the 1 percent share allowed under the motor vehicles fees and tax provisions. The intent of providing this revenue stream to the

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Transportation and Telecommunications Committee
January 28, 2013

counties was to cover the county expenses associated with motor vehicle titling registration program, including motor vehicle renewal notices. LB207 proposes to shift to the DMV both the renewal notice program and the portion of the revenue reasonably associated with the notice program. The DMV also amends the current statute by requiring all mailing of all motor vehicle renewal notices to the address listed on the current motor vehicle registration. The DMV is proposing to change this so that it can use the National Change of Address process available from the United States Postal Service. Using the NCOA process will result in more citizens receiving renewal notices, which should help to increase compliance with motor vehicle registration renewals and lower the overall postage costs. LB207 does call for a statutory cap on the postage and handling fees that a county can collect for mailing the motor vehicle registration slip, validation stickers, and license plate in a plate reissuance year. DMV is aware that some counties charged as much as \$10 for mailing new license plates during the 2011 plate issuance year. In a nonplate issuance year, counties have charged citizens up to \$3 for the mailing of a registration slip and validation stickers, although the registration slip and sticker can be delivered with the price of a regular postage stamp. In 2012, an additional \$318,000 in handling fees were collected by the county...counties. Nothing in the current law authorizes the counties to charge additional shipping and handling fees. Senator Dubas, I'd be happy to answer any questions the committee may have at this time. [LB207]

SENATOR DUBAS: Thank you, Director Neth. Are there questions? Senator Brasch. [LB207]

SENATOR BRASCH: Thank you, Madam Chairman. Just going to a whole sheet of paper, it sounds like Lancaster County uses a half sheet. [LB207]

BEVERLY NETH: Actually, I think they use a whole sheet of paper. [LB207]

SENATOR BRASCH: Okay. [LB207]

BEVERLY NETH: They have a vendor that provides them the whole sheet of paper and is mailed out in an envelope. [LB207]

SENATOR BRASCH: I see. [LB207]

BEVERLY NETH: A whole...your question about three on a page...we did look at that issue, whether or not that would make sense. We put requests for information, the Department of Motor Vehicles did, in early 2012. It's...sometimes you can use it as a precursor to a request for proposals. So we put out this request to the street to say: we have this business; we want to do X, Y, Z, and mailing motor vehicle registration renewals. Tell us if you could do it, and if you were going to do it, how you would do it. We got proposals back from, I think, 15 companies telling us, absolutely, we'd love to do

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Transportation and Telecommunications Committee
January 28, 2013

that business. Here's what we say. Really isn't any difference if you put three on a page or one on a page. Actually three on a page probably causes a little more work because you have to do the tearing and those sorting and those kinds of things. With the one vehicle per page, what it does provide is it does give us real estate to send specific information. Sometimes there are things that are due on a vehicle. For instance, a motor carrier who has to pay a heavy vehicle use tax. You can put a specific line item, informational item, for that registration on that document to alert them to something. If there, say for instance, is a sales tax change in a county or a local area, you could put that kind of information. So we did look at that, and what we determined was there is really no cost savings to go that route. The other piece of it was that we asked specifically the vendors, you need to tell us whether you can personalize these for the counties. Because even though these are going to be coming from a central mailing location, we want county-specific information, the county treasurer's name and address, to go on these documents because, if there is returned mail, or if there is a question about that motor vehicle registration, that's going to go back to the county. The process is still going to be done the same as it always has been, and we want that document going back either to the county, or the customer calling the county. So they don't need to call us; they'd just be told call your county. So we kind of tried to look at all those issues specifically. The other piece that a large piece of paper gives us is an opportunity to market our on-line services to people. We want to keep that out in front of people so they know it's there. Senator Hadley, you talked about going into your county treasurer to do this. You can simply go on-line and do it. There's a convenience fee of about \$3 probably for most people, but it's a lot cheaper than taking time off and driving into a county treasurer's office, for most people, anyway, so... [LB207]

SENATOR BRASCH: No other questions. [LB207]

SENATOR DUBAS: Other questions? Senator Hadley. [LB207]

SENATOR HADLEY: Chairman Dubas. Director Neth, thank you. Just so I understand, the information is now collected centrally at the DMV, right? Is that correct? [LB207]

BEVERLY NETH: Yeah. It's a little bit strange what happens. The vehicle titling registration system is really kind of two components. It's an AS400 IBM server kind of system that those servers historically have rested in each county. Each county had an AS400 server where their county specific motor vehicle registration information sat and also the taxing information sat. So that was out there. But every night, every motor vehicle transaction that is done is uploaded to the DMV mainframe. So the DMV mainframe is like a giant filing cabinet where all motor vehicle information rests, except for taxing information. That was never programmed into VTR. So the taxing information still sits out there in the counties. So what we do every month to generate that list of mailing notices is we run a query through the mainframe database, and we generate reports for every single county, telling them these are the vehicles that will be renewed

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Transportation and Telecommunications Committee
January 28, 2013

in February. We do that early January. Those go out essentially a month in advance. So we generate the report on our side, and we send it back to the county. They then do some data manipulation on their side, very little I believe, and run the postcards, essentially. We provide all those postcards. They simply put the report up, print, and go. And the postcards are all printed, kind of at the same time, except for Lancaster and Douglas County that don't print postcards anymore. They send the data to...Lancaster sends the data to a vendor; Omaha...Douglas County does it themselves. But we've provided some printers for them to do that large printing. So it's kind of...it's really kind of a complicated multistep process that's happening now. [LB207]

SENATOR HADLEY: One other, I guess, question or comment. In the Revenue Committee when we're dealing with the Revenue Department we were trying to incentivize people to e-file their tax return. It was just...made it so much easier for the Department of Revenue. And we came up with some incentives that really made it...if you'd filed paper, it went to the back of the line... [LB207]

BEVERLY NETH: Yeah. [LB207]

SENATOR HADLEY: ...and, you know, those kinds of things. Do you see something in the future where we could incentivize somehow people to start using more and more of on-line services, because obviously that would save a lot of time and effort and work for the counties, wouldn't it? [LB207]

BEVERLY NETH: Well, it does. I believe it does. Well, I think one of the things we...the provision that we put in here, which is kind of the new section of law that puts the language under the shipping and handling, I always saw the shipping and handling charges, especially those that were fairly significant, \$3, \$4, \$10, as a disincentive because, in some counties, they were charging the customer for an on-line process. But if I would have mailed that same thing back to them, they didn't charge me anything. They have the same costs. You're still mailing my registration slip and my stickers to me, but you're disincentivizing me to go on-line and do it. I think this limit will help to some degree, help that. Not that they shouldn't have something. I think they should. But I don't think it...I think it should be tied to the actual cost of the product delivery. The other piece of the puzzle, and this is one that has always been hard for us to get over, is that every penny associated with a motor vehicle registration renewal, every fee, every tax, is distributed under this statute. Every penny has to be accounted for in some fund. And so when you're doing the on-line service, when you're taking an e-check, it has a cost associated with it, and credit cards have a cost, merchant fee, associated with them. That merchant fee from time...when we...we have a survey that's associated with every one of our on-line services, and the one that...the one comment that continually comes to us in motor vehicle registration, generally not in other ones so much is: "Why are you charging me whatever it is if the credit card is 3 percent? Why are you charging me this 3 percent fee? It should cost less to do this." Well, that's just a factor of the

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Transportation and Telecommunications Committee
January 28, 2013

credit card companies want their money. They want their 2.5 percent, or whatever the case may be. So that incentive that we would like to put in place, I think under the current statutory scheme that's hard to do. But it definitely can save time for the county because, when I'm standing in front of them in the counter doing the face-to-face transaction, the clerk is doing all the data input. When a document is mailed in for mail-in renewal, the clerk is doing all the data input. But when I'm doing it at home from my own computer, I've done all the data input for the county. When the county comes to work the next day, they open up the fleet records, they print these on-line renewals from a fleet program, and there is no data input for them. So there is a savings. How we get to a tipping point in on-line adoption that leads potentially to some savings at the county, I think when we get there that will be a great day. [LB207]

SENATOR HADLEY: Okay. Thank you. Thank you, Chair. [LB207]

BEVERLY NETH: A long answer. Sorry. [LB207]

SENATOR DUBAS: Other questions? So basically, at the end of the day, nothing is going to change for the customer. They're still...they're going to get their notice, they're going to go to their courthouse, or request the mail or whatever. So it's just where that notice is coming from. [LB207]

BEVERLY NETH: And how that notice. [LB207]

SENATOR DUBAS: And how it's coming. [LB207]

BEVERLY NETH: Potentially once we have the centralization process done, we will put up sort of a "My DMV" portal for people to go in and say: "I don't want a piece of paper, just send it to my phone. Send it to my e-mail address." So the customer has some choice, and that will change a little bit, but the overall, where the transaction is occurring...no change whatsoever. [LB207]

SENATOR DUBAS: All right. Very good. Senator Brasch. [LB207]

SENATOR BRASCH: Thank you, Chairman Dubas. One more question. Thank you so much. When you mentioned e-filers on taxes, is there a way and the need to advertise on-line? Is there a way to work with taxpayers' records, just for notification of being able to save and file your motor vehicle electronically? Is there a communication device at this point? [LB207]

BEVERLY NETH: Well, I think we probably do as much or more mailing than the Department of Revenue does, frankly. We mail out millions of pieces of mail. [LB207]

SENATOR BRASCH: All right. Okay. [LB207]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Transportation and Telecommunications Committee
January 28, 2013

BEVERLY NETH: And every piece of mail that goes out has some tag information there about DMV on-line services now. We used to...we have inserts we put into our mailings. Almost everything we have, every form we have has ClickDMV at the top. I mean, we're trying to be very proactive about marketing potentially, and specifically using the resources that we're already expending to do that. But I think there's some great leverage between the agencies particularly, even in your on-line...your presence if your linking to e-filing at revenue or revenue is linking to DMV. Some of those things have occurred. We have some links to courts, paying citations on-line. I think they have some links to us. So absolutely, Senator, that's kind of a, you know, thing we're looking at. [LB207]

SENATOR BRASCH: Okay. Thank you. [LB207]

SENATOR DUBAS: Other questions? Seeing none, thank you. [LB207]

BEVERLY NETH: Thank you. [LB207]

SENATOR DUBAS: Other proponents. Welcome. [LB207]

BETH BAZYN FERRELL: Thank you. Good afternoon, Chairwoman Dubas, members of the committee. For the record, my name is Beth, B-e-t-h, Bazyn, B-a-z-y-n, Ferrell, F-e-r-r-e-l-l. I'm with the Nebraska Association of County Officials. As Director Neth indicated, we've had ongoing discussions about all manner of kinds of efficiencies and things that we can do to make the motor vehicle process better. This is a great idea. We've been talking about this for years. And I think she explained it very well, so I will just sort of forego that part of my testimony and say we're in support of the bill, and I'd try to answer any questions. [LB207]

SENATOR DUBAS: Are there any questions for Ms. Ferrell? You know, this is taking some money away from the counties, but it's also taking an additional duty, and there seems to be no concerns on the parts of the counties with that. [LB207]

BETH BAZYN FERRELL: We do recognize that, that there may be a difference in impact to some counties. It may not be as great now looking at the process that's in place, now with the dot matrix printers. But as the Director pointed out, you know, when it comes time to buy toner and those kinds of things for sort of the next generation, I think there will be more of a balance there. [LB207]

SENATOR DUBAS: All right. Very good. Other questions? Seeing none, thank you. Additional proponents for LB207. Anyone in opposition? Anyone neutral? Senator McCoy, would...Senator McCoy waives closing. So that will close our hearing on LB207. And I will turn the reins over to Senator Smith, and I'll open on my bill. [LB207]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Transportation and Telecommunications Committee
January 28, 2013

SENATOR SMITH: Thank you, Madam Chair. And we are now beginning hearings on LB249. I understand Senator Dubas is here to introduce that bill to us. [LB249]

SENATOR DUBAS: Good afternoon, Senator Smith and members of the Transportation and Telecommunications Committee. My name is Senator Annette Dubas, A-n-n-e-t-t-e D-u-b-a-s. And I bring to you today LB249 on behalf of the Department of Motor Vehicles. MAP-21 is the new federal highway bill rules, regs, etcetera. I went to a session last summer at NCSL that talked about MAP-21, and within a matter of a few minutes I was pretty well lost. So I have certainly appreciated what the department and the State Patrol has offered as far as helping my staff and I better understand this big new undertaking at the federal level. This particular bill will allow Nebraska's farmers and ranchers to take advantage of the new exemptions put in place regarding commercial driver licensing. A commercial motor vehicle now excludes covered farm vehicles from the current CDL licensing requirements. The bill does require a minimum age limit of 18, and it applies to farmer/ranchers, their family members, or an employee. It allows for the exemption of the CDL for any intrastate travel of the farmers' equipment and produce or within 150-mile radius of their farm. I know there's going to be testifiers following me who will be able to give you much more explicit information in regards to the changes made here. But this is quite a change from the way we have gotten our CDL licenses in the past for farmers and ranchers. And I know I'm getting calls into the office with people not quite understanding what it is that they are needing to do to get their new CDLs updated. So it will be in my estimation a positive change as far as helping our farmers and ranchers getting their commodities to market, but it's one that's going to take a little bit of explanation and getting used to. So with that, I would take any questions you may have, but as I said, I know there are some behind me who will be able to better answer your questions with more specific answers. [LB249]

SENATOR SMITH: All right. Thank you, Senator Dubas, for the introduction of LB249. We will now hear from proponents of this bill. Welcome. [LB249]

BEVERLY NETH: (Exhibit 4) Thank you. Vice Chairman Smith, members of the committee, I'm Beverly Neth, B-e-v-e-r-l-y N-e-t-h, Director of the DMV, appearing today to offer testimony in support of LB249. I want to thank Senator Dubas for introducing this bill on behalf of the Department of Motor Vehicles and the Nebraska State Patrol. LB249 stems from Congress's new federal highway bill, called MAP-21. Among many other topics covered in this bill was the creation of additional commercial driver license exemptions for farmers operating covered farm vehicles, carrying farm supplies or farm products. The new farm exemptions went into effect October 1, 2012. On that date, the Federal Motor Carrier Safety Administration, or known as FMCSA, published a notice in the Federal Register that stated that the new CDL exemptions for farmers were self-executing and requested that states take immediate action. "Self-executing" is a phrase that I think most of us have never seen before in a federal law or a federal rule,

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Transportation and Telecommunications Committee
January 28, 2013

but we were told specifically that it meant: do it immediately; you don't have much choice. This bill amends Nebraska law and is intended to serve as a bridge to allow most Nebraska farmers to take advantage of the new CDL exemptions until FMCSA issues regulations in this area. The new federal law provides that a farmer, his family, or his employees do not need a CDL to operate a covered farm vehicle in intrastate traffic or within 150 miles of the farm. Covered farm vehicles are defined in MAP-21. The MAP-21 definition is a new definition that amends the Nebraska's definition of "commercial motor vehicle," which is located at 60-465. LB249 specifies that a covered farm vehicle is exempt from the definition of a commercial motor vehicle, and places the new MAP-21 definition of "covered farm vehicle" in the driver license act at 60...Chapter 60, Article IV, and in the safety enforcement statutes in Chapter 75, Article III. Adoption of LB249 will allow farmers to operate a covered farm vehicle intrastate and within 150 miles of their farm without a CDL, while transporting farm supplies or farm products. This bill changes Nebraska's current farm CDL exemption by allowing farmers to operate a combination truck-tractor and semitrailer without CDL, except if the farmer is transporting placardable amounts of hazardous materials in the combination truck-tractors and semitrailer. The bill also prohibits persons who are 18 years old or younger from operating a combination of truck-tractors and semitrailers without a CDL. Both the hazardous material provision and the 18 age and under provisions preserve features of the current Nebraska CDL law until the federal rules become available. There is a representative here from the Nebraska State Patrol who would address their provisions of the bill that amend the safety enforcement law administered by State Patrol. Vice Chair Smith, I'd be happy to answer any questions that the committee may have at this time. [LB249]

SENATOR SMITH: Questions? Senator Hadley. [LB249]

SENATOR HADLEY: Thank you, Senator Smith. Director Neth, the 150 miles, is that in federal statute or is that a statute or...I mean, 150 miles in Connecticut may be a lot different than 150 miles in Nebraska. [LB249]

BEVERLY NETH: It certainly is. It is in the federal statutes at this time. That's the law. Right now, and this is one of those really technical nuance provisions of CDL law that you really...you need a Ph.D. in CDL law to understand this. I'm, frankly, surprised over the years how much commercial driver license holders need to know about where they operate, what they're carrying, and how they're going to operate, and whether or not they need a CDL. It's even gotten more complicated recently with the federal medical certification process. But as it exists now, that "150 mile" is in our statutes, but it doesn't exempt commercial motor vehicle from...if it's a semitrailer, the person still has to have a CDL, even if they are a farmer. This says they don't; they won't have to have a CDL. [LB249]

SENATOR HADLEY: I just have to say that that's almost a little scary to me. Owing

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Transportation and Telecommunications Committee
January 28, 2013

from the standpoint, would that...would we open up all semitrucks to people who want to drive within 150 miles of their home, to drive without getting a CDL? I could drive a semi between Lincoln and Omaha every day without getting a CDL and drive to downtown Omaha and unload stuff and then drive back to downtown Lincoln. [LB249]

BEVERLY NETH: As long as... [LB249]

SENATOR HADLEY: I'm just throwing that out. [LB249]

BEVERLY NETH: Yeah, as long as you're carrying farm supplies or farm products and it's coming from your farm. Yeah. I think, you know, you're speaking to the issue, the reason why we did not take the lead. MAP-21 says it really doesn't have an age restriction on it. Any daughter or son of the farmer who wanted to drive the CDL under 18 could do it. We didn't choose to adopt that part. We're saying you need to be at least 18 to operate a commercial motor vehicle without a CDL, and we also didn't want to really change our hazardous materials provisions as well. [LB249]

SENATOR HADLEY: Are we basically saying we have no choice, though? MAP-21 is something...do we run into that we're going to lose something if we don't do something? Is that a fair statement? [LB249]

BEVERLY NETH: Absolutely. Yes. It's the Federal Highway Authorization bill, and noncompliance has those same 5, 10 percent penalties associated with NHTSA funds and federal road building funds. And, ultimately, I think it will be interesting to see. MAP-21, if I understand it, is a two-year authorization. I have yet to see a federal rule promulgated within two years. So if there's a rule promulgated, that will be amazing before the...you know, the bill probably will be, you know, just an extended, or I'm sure it's called reauthorized, or what the term is at a federal level. But I suspect there will be a federal rule at some point. When it happens, then we'll know the whole lay of the land, everything that MAP-21 requires the state to comply with, and then I expect there will be a bill back here to do that. [LB249]

SENATOR HADLEY: Thank you, Director. And thank you, Senator Smith. [LB249]

SENATOR SMITH: Senator Watermeier. [LB249]

SENATOR WATERMEIER: Thank you, Chairman Smith. Director Neth, it's always a little confusing for me because I have a business that has several trucks on the road, too, the intrastate and interstate. So I'm five miles away from the state line. I have drivers across the state line. I have drivers across the state line. They've still got to have a CDL? [LB249]

BEVERLY NETH: Yes. [LB249]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Transportation and Telecommunications Committee
January 28, 2013

SENATOR WATERMEIER: And they've still got to have a DOT physical. [LB249]

BEVERLY NETH: Yes. [LB249]

SENATOR WATERMEIER: Because I still require that for my drivers, too, so. [LB249]

BEVERLY NETH: Yes. [LB249]

SENATOR WATERMEIER: I'd almost be more concerned about the upper age limit than the 18-year-olds. [LB249]

BEVERLY NETH: Yeah, yeah. Both sides of it, I think, are issues. You know, if you look at what's going on out there in brain studies in teenagers and driving as we've looked at across the spectrum of graduated driver licensing and what happens, what you see, studies being done across the country is brain development of teenagers is...you know, it's slow. The last thing to develop is their judgment center. In most males, that doesn't develop until 25, girls a little bit earlier, but not really that much earlier either. So that's why the graduated driver licensing program seemed to make a lot of sense. You sort of ease kids into driving. These are very large, very dangerous or can be dangerous automobiles if they're not driven appropriately. Teenagers have a tendency to speed. Older side, you have a tendency to lose your capacity to judge distances; left-hand turns become problematic. It's the whole spectrum. You're right. Both sides of it can be pretty dangerous. [LB249]

SENATOR SMITH: Any...Senator Dubas. [LB249]

SENATOR DUBAS: Thank you, Senator Smith. I'd like to pick up where Senator Watermeier left off just for a clarification on that 150-mile radius. If that 150-mile radius takes you into another state, you're still within that 150 mile...that this exemption still applies? [LB249]

BEVERLY NETH: We would have to have...unless every state has adopted this...in most instances, and Patrol maybe can speak from the enforcement side of this a little bit better than I can, it's likely; we have some reciprocity agreements with other jurisdictions where the borders cross, that we allow that 150-mile radius or that into the next jurisdiction kind of thing. With this, this is a federal mandate. I believe every jurisdiction is supposed to be adopting it, so I'm guessing that those borders go away. I haven't really had that kind of a border discussion yet. But it seems logical, if this is a federal mandate, that those border limitations might lessen. [LB249]

SENATOR DUBAS: Okay. Thank you. [LB249]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Transportation and Telecommunications Committee
January 28, 2013

SENATOR WATERMEIER: Well, I would... [LB249]

SENATOR SMITH: Senator. [LB249]

SENATOR WATERMEIER: I'm sorry, Senator. I... [LB249]

SENATOR SMITH: I see Senator Brasch, but... [LB249]

SENATOR WATERMEIER: Go ahead. [LB249]

SENATOR SMITH: Senator Brasch. [LB249]

SENATOR BRASCH: Thank you, Vice Chairman Smith. And thank you again. I can see how this would help the family farmer tremendously and that it would have some merit and...because it is the family members or employees, is that correct? [LB249]

BEVERLY NETH: That's correct. [LB249]

SENATOR BRASCH: I guess the downside is I may have gotten one more job on the farm now. (Laughter) Usually I stay out of the semi. [LB249]

BEVERLY NETH: Yeah. I hadn't thought about that. [LB249]

SENATOR BRASCH: I don't have a CDL, so that's of concern. But this is a new national...to help the ag community, so in that sense I can see definitely where it would be beneficial, so... [LB249]

BEVERLY NETH: Yeah, I think you've always got a fine line to run between business and safety, economy, stimulating the economy, and does it impinge upon safety. I don't know. I suspect most farmers understand the dangers of the vehicles they're working in and around, and very few of them would probably put their 16-year-old in something, who doesn't have experience driving that automobile or, in this instance, they still couldn't in Nebraska, even their 18-year-old, if they don't have some kind of experience. I mean, those are their family members and their employees, so I suspect most people will self-regulate. [LB249]

SENATOR BRASCH: And I would agree. They do see the dangers and also... [LB249]

BEVERLY NETH: Sure. [LB249]

SENATOR BRASCH: ...great expense when the vehicle needs tending to or...so. Thank you so much. [LB249]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Transportation and Telecommunications Committee
January 28, 2013

BEVERLY NETH: Absolutely, absolutely. [LB249]

SENATOR SMITH: Back to Senator Watermeier. [LB249]

SENATOR WATERMEIER: Yeah, I guess I still want to come back to that 150-mile radius with the intrastate. The way the bill is read here to me, you've got intrastate in there, then 150 miles. If you're saying you'd have had a reciprocity across state lines, and you'd have been all right, then they would have put interstate in there as well. [LB249]

BEVERLY NETH: Yeah... [LB249]

SENATOR WATERMEIER: So I'm assuming that you cannot cross the state line without a CDL. [LB249]

BEVERLY NETH: Let me check on that. Let me check on that for sure, whether or not we would still have some kind of reciprocity agreements or whether that...you're right, it does say intrastate not interstate, so. [LB249]

SENATOR WATERMEIER: Right, and you would have intra and...yeah. [LB249]

BEVERLY NETH: So I will check on that and get back to the committee and clarify that issue. [LB249]

SENATOR WATERMEIER: Yeah. [LB249]

BEVERLY NETH: Definitely want to make sure I know on that one. [LB249]

SENATOR WATERMEIER: Please do before we (inaudible). [LB249]

BEVERLY NETH: I will. [LB249]

SENATOR SMITH: Are there additional questions for Director Neth? None. Okay. Thank you very much. [LB249]

BEVERLY NETH: Thank you. [LB249]

SENATOR SMITH: And we will continue on with proponents of LB249. Welcome. [LB249]

GERALD KROLIKOWSKI: (Exhibit 5) Thank you. Chair Dubas and members of the Transportation and Telecommunications Committee, my name is Gerald, G-e-r-a-l-d, Krolikowski, K-r-o-l-i-k-o-w-s-k-i. As the commander of the Carrier Enforcement Division,

I am here today on behalf of the Nebraska State Patrol to testify in support of LB249. LB249 is meant to adopt specific federal statutory language that was enacted through the passage of the federal highway transportation bill, commonly referred to as MAP-21, which went into effect October 1, 2012. Specifically, LB249 adopts exemptions to the federal motor carrier safety regulations for specific vehicles and drivers. The passage of LB249 would provide certain exemptions for covered farm vehicles in the state of Nebraska. I want to note that future changes in state statute may be necessary once the federal regulations relating to MAP-21 are promulgated. Since Director Neth outlined the provisions of LB249, my testimony will focus on changes incorporated in safety regulations sections of Chapter 75, Article III. On page 8 starting with line 18, you will find the definition of a covered farm vehicle being incorporated into Section 75-362, which is the definition section for the purpose of the safety regulation. Covered farm vehicles are exempted from a number of regulations listed on page 21 and 22 of this bill. The language starting on page 17, line 25, would move the current definition of planting and harvesting season from Section 75-363 and place it into 75-362, which is the definition section. This move would not change Nebraska's current planting and harvesting season which runs from February 15 to December 15. On page 21 starting with line 19 and continuing through line 1 on page 22, you will find regulations which a covered farm vehicle should be exempt...would be exempt from. Another portion of MAP-21 contained an exemption to the hours of service rules for the drivers of any vehicle transporting agricultural commodities or farm supplies during the planting and harvesting season designated by the state in which the vehicle is being operated. This exemption provides that such movement must be within a 150 air-mile radius of the source of the farm commodities or the distribution point of the farm supplies. You will find proposed language related to this exemption starting with line 5 on page 23 and ending on line 25 of the same page. In conclusion, I want to thank you for the opportunity to testify, and I will be happy to address any questions you may have. [LB249]

SENATOR SMITH: Are there any questions for Commander Krolikowski? Senator Hadley. [LB249]

SENATOR HADLEY: Senator, thank you. Captain, thank you. Just a thought crossed my mind in quickly looking at it. I assume that livestock is included as one of the things that can be transported. Is that a correct statement? [LB249]

GERALD KROLIKOWSKI: Yes. Livestock will be able to...it'll fit in both categories. The covered farm vehicles, meaning those vehicles operated by farmers or ranchers. They'll be covered underneath that, and also underneath the hours of service exemptions for farm commodities and supplies. In this case cattle would be a commodity. [LB249]

SENATOR HADLEY: Okay. Does that mean they come under the planting and harvesting season or not? [LB249]

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Transcriber's Office

Transportation and Telecommunications Committee
January 28, 2013

GERALD KROLIKOWSKI: If it's...if the cattle are transported by somebody other than a farmer or rancher. The covered farm vehicle exemptions will be year-round... [LB249]

SENATOR HADLEY: Year-round. [LB249]

GERALD KROLIKOWSKI: ...no limitation. A for-hire carrier, if they're transporting cattle currently, would be limited to the February 15 to December 15. [LB249]

SENATOR HADLEY: Okay. Thank you, Captain. [LB249]

GERALD KROLIKOWSKI: Yes. [LB249]

SENATOR SMITH: Any additional questions? Senator McCoy. [LB249]

SENATOR McCOY: Thank you, Senator Smith. And, Captain, I have a question that, I guess, pertains to...I grew up in the area right...just over the Colorado line. We were real close to the Kansas line, Nebraska line obviously. Going back to the question on the 18-year-old exemption. So if MAP-21 is adopted by all the states, how is this going to work in practical application? Let's say, so we say, 18 years old here...Kansas adopts this at 16. Well, then if someone crosses that line to come into Nebraska, will that...as a 16-year-old, I would presume, then that you would not be allowed to drive here. I'm just trying to think, as you cross state lines from an enforcement perspective, how's that...how would that work? I don't want to propose too much of a hypothetical question here. I'm just trying to think through. All things not being uniform with all 50 states, how is that going to work? [LB249]

GERALD KROLIKOWSKI: Well, I'd like to be 100 percent sure and give you 100 percent answer there, but generally to go interstate, okay, you have to be 21 years of age. Okay. There are exceptions that the state can allow to 18 years of age. Okay. And so we're going to retain that exception and that age limitation. So most of the states should be uniform on this reference, at least 18. They may require a higher age being 21 to go interstate. But...pretty confident that will be at least 18. [LB249]

SENATOR McCOY: Okay. Thank you. [LB249]

SENATOR SMITH: Additional questions for Commander Krolikowski? I see none. Thank you very much. [LB249]

GERALD KROLIKOWSKI: Okay. Thank you. [LB249]

SENATOR SMITH: And we continue on with proponents of LB249. [LB249]

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Transcriber's Office

Transportation and Telecommunications Committee
January 28, 2013

ALICE LICHT: Good afternoon, committee members. My name is Alice Licht, that is A-I-i-c-e, and the last name is, L-i-c-h-t. I represent the Nebraska Agri-Business Association, which is a trade association representing fertilizer, agricultural chemical, and seed, retailers, cooperatives, distributors, manufacturers. I'm not here to address the front portion of the bill which dealt with the farm vehicle, although we're supportive of that. I'm here for the hours of service to issue our support of those provisions. Back in 1995, Senator Jim Exon and Congressman Doug Bereuter were instrumental in starting this whole process of hours of service exemptions for ag retailers. And in part, this is when you're in the fertilizer season, the chemical season, the irrigation season, you work 24/7 a lot of those days, and you guys know that from rural communities. The hours of service exemption originally, in '95, was granted for fertilizer and agricultural chemicals only, and then about five years later it was expanded to all ag products. And that was at that time only from the retail facility to the farm or back. So last year we were finally able to get it expanded not only from the retail facility to farm so that our guys can go pick up at the terminals or at Donovan or where the pipelines are for the fertilizer and those type of things. So we were very appreciative of our federal people, and we're very appreciative of the State Patrol because once this took effect on October 1, even though we didn't have the legislation, that we were able to enjoy that exemption beginning then. And we also appreciate the 150 air-mile radius, which allows a little more distance, particularly if you get into the western part of the state, where you have travelling from Chadron to North Platte to pick up fertilizer and those type of things. When this was implemented, the dates of February 15 to December 15 were felt useful and adequate, although right now our guys are out in the field putting down fertilizer. They started already in November, December, and January. So if you would give consideration, many states have broadened that planting and harvesting season from January 1 to December 31, simply because agriculture keeps moving. And if it's safe for 11 or 10 months, I don't know why it wouldn't be, I guess, safe for the additional two months. So with that, I would thank the Patrol, the Department of Motor Vehicles and their work on this, and Senator Dubas for introducing the bill. If you have any questions, I would be happy to answer them. [LB249]

SENATOR SMITH: Are there any questions for Ms. Licht? Seeing none, thank you for your testimony. [LB249]

ALICE LICHT: Thank you. [LB249]

SENATOR SMITH: Are there any more proponents of LB249? I see someone coming here. Welcome. [LB249]

ANTHONY AERTS: Good afternoon, Senator Smith and other members of the Transportation and Telecommunications Committee. My name is Anthony Aerts, that's A-n-t-h-o-n-y, Aerts, A-e-r-t-s. I'm here today testifying in support of LB249 on behalf of the Nebraska Farm Bureau, where I serve as the assistant director of state government

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Transportation and Telecommunications Committee
January 28, 2013

and regulatory affairs. Our member-driven policy, adopted at our recent December 2012 policy convention states, "We believe the exemptions in regards to CDLs, hours of service, medical testing, and other regulatory requirements provided to drivers of farm vehicles in MAP-21 should be implemented and adopted in Nebraska." As you know, most family farm and ranch operations in Nebraska and the drivers of the farm-plated vehicles used on these operations are by no means commercial trucking operations. Yet, at the same time, they rely upon trucking and hauling to maintain viable businesses. Furthermore, farm and ranch trucking activities are mostly conducted within the proximity of their operations and often with less frequency than commercial trucking operations. Thus, we feel that the changes made through MAP-21 provide the appropriate degree of regulatory flexibility and relief for farm and ranch families to be able to move their product to market in an efficient and cost-effective manner. LB249 represents a significant step in providing harmony, clarity, and certainty between state and federal law, to the benefit of individuals operating farm vehicles, as well as to our law enforcement officers who will be responsible for the interpretation and enforcement of these regulatory changes. Thank you, and I'd be happy to answer any questions that you may have. [LB249]

SENATOR SMITH: Questions for Mr. Aerts? Senator Hadley. [LB249]

SENATOR HADLEY: Just a quick question. Is this your maiden voyage in front of a committee? [LB249]

ANTHONY AERTS: It is. [LB249]

SENATOR HADLEY: Thank you. That's the only question I have. [LB249]

SENATOR SMITH: (Exhibit 6) Any additional questions? I see none. Thank you, Mr. Aerts, for your testimony. Are there any additional proponents of LB249? Seeing none, we now move to...all right. We have a letter to read into the record for LB249 submitted by the Nebraska Soybean Association on January 28, 2013. All right. Now we move on to opponents of LB249. Welcome. [LB249]

LARRY JOHNSON: Good afternoon, Senator Smith and members of the Transportation Committee. My name is Larry Johnson, it's L-a-r-r-y J-o-h-n-s-o-n, and I'm the president of the Nebraska Trucking Association, and we represent the commercial trucking industry in Nebraska. I'm here this afternoon to actually mildly oppose the provisions of LB249, and just for the record make note that the federal motor carrier safety regulations are based most of the time, on pretty sound research that involves historical statistics and engineering standards on commercial drivers and their equipment. This research in the federal regulations that guide the trucking industry, in partnership with the investments that the commercial trucking industry makes in strictly following these regulations, they've enabled our industry to continually improve the accident rates and

fatalities involving federally regulated commercial motor vehicles. And it's driving it to all new lows. As an industry, we're very proud of that commitment to safety and desire to work not only with our regulators, creating those rules, but also the enforcement agencies that monitor our compliance. As a result, when we see exemptions and exceptions for different segments of truck owners based on what, when, how far, or how far a commodity is hauled, we feel it's important to remind the lawmakers that regardless of what it is in the truck safety standards that the commercial side operates under and the safety partnerships and investments that we make in our employees do work as evidenced by our continual improvement in commercial vehicles, accidents, and fatalities statistics today continually going down. I think what we want to remind everybody is that the bottom line, a truck loaded with 80,000 pounds of grain will have the same impact on property and people as that of 80,000 pounds of retail goods. If a driver of an 80,000 pound vehicle that is tired because we've waived hours of service, or they're not screened for drug and alcohol...once again, they would cause the same kind of death and destruction that a commercial motor vehicle would. For that matter, also when we look at taxation, 80,000 pounds of cattle or grain also put the same amount of wear and tear on our highways as trucks that are hauling the same weight in retail goods. Earlier, I said that I was softly opposing it because of safety concerns. We are also aware, as an industry, that we need to balance on the highway funds, and that this could put us in a critical position to be held back if we don't adopt it. So we hope that as future discussions come before the transportation committee that this...that we're mindful of those kind of things. And with that, I will allow...offer any questions. [LB249]

SENATOR SMITH: Thank you. Any questions for Mr. Johnson? Mr. Johnson, I have a question for you. [LB249]

LARRY JOHNSON: Yes, sir. [LB249]

SENATOR SMITH: Do you see this as an economic impact for trucking companies and drivers that would be transporting those goods, or are you looking at it strictly for equality for those operating vehicles? [LB249]

LARRY JOHNSON: Our primary concerns is the safety side. When the public looks at a tractor-trailer combination, they don't really understand whether a farmer is operating it or not. We've dealt with that in the past for as long as commercial trucks have been around, and essentially we've always considered, when we represent the trucking industry that a truck is a truck is a truck. As we go forward, and farmers are...the ag community is getting larger, and they're buying the larger equipment. It's possible that we may have to differentiate ourselves just a little bit in terms of those type of things. And we would only ask that the other trade associations that represent those, ag sectors that truck their products, that they be mindful of it as well and make sure that through training and awareness, that they are making sure that the farmers are complying with the goods standards, best business practices, even though it may not be

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Transcriber's Office

Transportation and Telecommunications Committee
January 28, 2013

federally mandated to follow the hours of service, that they look at not operating outside of their health and well-being and the public's. So I think that we're certainly concerned about people operating just within that 150-mile rule. But as we continually see the markets farther away through ethanol plants and those kind of things, that there are also opportunities for...incentives to not comply strictly with just ag exemptions. There may be folks that are hauling ag for hire and those type of things, so. [LB249]

SENATOR SMITH: Senator Brasch and then Senator Hadley. [LB249]

LARRY JOHNSON: Okay. [LB249]

SENATOR BRASCH: Thank you, Vice Chairman, and thank you, Mr. Johnson. Now I'm curious when you're looking at the potential revenue increase, decrease. They'd still have to file their fuel reports, correct? And if they're going...or, you know, where is the...or did I hear something wrong? Is it changing the reporting? I imagine commercial truckers, say cattle haulers, they still...this does not fit for them. This is the family-operated family or employee. [LB249]

LARRY JOHNSON: Within that 150-mile rule. [LB249]

SENATOR BRASCH: What were your thoughts right where you were saying that they're not going to be paying their share of...they'll do IFTA reports if they go across county lines, correct...or...not...state lines. [LB249]

LARRY JOHNSON: Across state lines. Right. [LB249]

SENATOR BRASCH: Yeah. Interstate. So IFTA will still come in play, and they'll still do their reporting for fuel used in all the other states, whether they're a family farm or a commercial farmer, if they leave the state line, potentially...I think. [LB249]

LARRY JOHNSON: Yes. [LB249]

SENATOR BRASCH: Okay. Now where are you saying they...that everyone pays their fair share of...I thought I heard that. [LB249]

LARRY JOHNSON: It would be like on the licensing fees if you're not... [LB249]

SENATOR BRASCH: On license. The farm plates versus... [LB249]

LARRY JOHNSON: Yeah, those type of things. [LB249]

SENATOR BRASCH: Okay. All right. And then the cattle haulers, they're...typically that's always, you know, unless it's just small and local and down to the auction sale

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Transcriber's Office

Transportation and Telecommunications Committee
January 28, 2013

barn, they still use the commercial... [LB249]

LARRY JOHNSON: They should be, yes. Yeah. [LB249]

SENATOR BRASCH: Okay. All right. So the change that you're concerned about is... [LB249]

LARRY JOHNSON: Safety. [LB249]

SENATOR BRASCH: ...safety. Okay. And that's it. Good concerns. [LB249]

LARRY JOHNSON: Yes. [LB249]

SENATOR BRASCH: Very good. Thank you. No other questions. [LB249]

LARRY JOHNSON: Thank you. [LB249]

SENATOR SMITH: Senator Hadley. [LB249]

SENATOR HADLEY: Vice Chairman Smith, Mr. Johnson, thank you. The trucking industry that's regulated...I assume you have requirements as to liability insurance and such as that that your carriers must carry. Is that a fair statement? [LB249]

LARRY JOHNSON: Yes, yes. [LB249]

SENATOR HADLEY: Do you know, would those...I guess would this same concept apply to the family-owned farm, who's taking a semi across the highways? [LB249]

LARRY JOHNSON: That's a good question, Senator Hadley. And it's my understanding that they would only be guided by the state minimums, so potentially, it's my understanding that they could get by with the minimum. And I think that's one of the concerns that would be out there is that if...they shouldn't worry about federal regulations as much as trial attorneys because, as the business continues to get larger, there's more assets to lose. And so, maybe complying with those things is maybe not in their best interest. So I would say this was more motivated by a political thing on the federal level than maybe in terms of real safety, so. [LB249]

SENATOR HADLEY: I was just curious because I know you are a reasonably regulated industry to protect... [LB249]

LARRY JOHNSON: The public, yeah, and ourselves. Yes. [LB249]

SENATOR HADLEY: ...the public, and I just have to say it does kind of...in the back of

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Transportation and Telecommunications Committee
January 28, 2013

my mind I think of the 22-year-old who drives a semi once a year from outside of Lincoln to downtown Omaha to load and unload some product. I guess that...I would be frightened trying to do it myself, so... [LB249]

LARRY JOHNSON: I'm in the business, and I've never driven one, so...They know better than to let me. But thank you for that question, yes. [LB249]

SENATOR SMITH: I see no other questions. Thank you, Mr. Johnson, for your testimony. [LB249]

LARRY JOHNSON: Thank you. [LB249]

SENATOR SMITH: Are there any additional opponents for LB249? I see none. Anyone testifying in the neutral capacity? I see none. Senator Dubas, would you like to close? [LB249]

SENATOR DUBAS: I'll waive closing. [LB249]

SENATOR SMITH: Senator Dubas waives her closing, and that concludes hearing on LB249. We now open the hearing on LB250, and thank you, Senator Dubas, for the introduction of LB250. [LB249]

SENATOR DUBAS: Thank you, Vice Chair Smith, members of the committee. My name is Annette Dubas, A-n-n-e-t-t-e D-u-b-a-s, and I represent District 34. I bring to you today LB250 on behalf of the Department of Motor Vehicles and Nebraska State Patrol. This bill deals with trip tickets. Trip tickets are used by commercial drivers who are not members of the International Registration Plan or the International Fuel Tax Agreement but are registered in other states but yet need to bring something across state lines into Nebraska. Currently to obtain a trip ticket, the Nebraska State Patrol acts as the agent for the Department of Motor Vehicles and issues the permits through a paper-based system. The trip tickets are obtained after the drivers are already in our state. With the proposed changes in the bill, the Department of Motor Vehicles would go to an on-line process and require the permits to be in hand before the drivers actually cross the border. These permits would be good for 72 hours. And this is a method that is being used by more states, so it's not something that drivers would be having...have no experience using. The new process would definitely help with accounting time and errors. It would certainly reduce fraud, improve the audit process, and be accessible. The information would be accessible roadside to the Nebraska State Patrol carrier enforcement. Now currently there are some private companies, some private vendors, some truck stops, etcetera, that have kiosks available in their truck stops which provide these trip tickets. They do charge a fee for issuing these permits. And the department has expressed a willingness to work with these vendors, to see if there's some mutually agreeable process that could be put in place. But I think what's really driving this is

going to that on-line process, giving these people the opportunity ahead of time rather than having them come into the state and then again having to do a paper-based system, which could lead to lost permits or accounting...again accounting issues. So I think it's just another example of what the departments are trying to do to be more efficient and...with not only tax dollars but the services that they provide to people who work within our state as well as outside the borders. I'm sure there will be people following me who will be able to answer questions to more specificity than I can, but would be happy to try to answer any questions should you have any. [LB250]

SENATOR SMITH: Are there questions for Senator Dubas? I see none. Thank you. And we now open it to proponents of LB250. Welcome. [LB250]

BEVERLY NETH: (Exhibit 7) Thank you. Vice Chairman Smith, members of the committee, I'm Beverly Neth, B-e-v-e-r-l-y N-e-t-h, Director of the Department of Motor Vehicles, appearing today...before you today offering testimony in support of LB250. I want to thank you, Senator Dubas, for introducing this bill on behalf of the Department of Motor Vehicles. LB250 proposes to modernize and improve the statutory language and the operational process of issuing motor carrier trip permits. Trip permits are issued to out-of-state motor carriers that do not register their commercial motor vehicles within either the International Registration Plan, IRP, or the International Fuel Tax Agreement, IFTA. Those two programs are designed for motor carriers who operate primarily in interstate travel. Trip permits are designed for one-off kinds of permits of trips for carriers who seldom travel into other states. In most instances, prior to entering the state, the carrier is required to apply for and obtain special permits. Trip permits are used in lieu of the collection of registration fees and fuel tax. The current language provides that the Nebraska State Patrol Carrier Enforcement Division acts as an agent for the DMV in collecting the fees prescribed in this program. The permits are purchased by motor carriers at approved vendors as they enter into Nebraska. Trip permits are valid for 72 hours. Trip permit fees are \$25 per trip in lieu of IRP registration and \$20 per trip in lieu of IFTA licensing. The fees are remitted to the Highway Cash Fund. The current system is a paper-based permit issuance system that has not changed in decades. Nebraska State Patrol approves vendors...approved vendors sell the permits. The statute provides that the vendor can collect and retain a 10 percent fee. Two of the vendors are wire services that charge the 10 percent plus an additional \$40 service fee. Nebraska State Patrol estimates that vendors issue annually 10,000 IRP...in lieu of IRP and 7,000 in lieu of IFTA trip permits. With LB250, the DMV proposes to develop a modern Web-based permit issuance system that will issue the permits and collect the permit fees from the out-of-state carrier before they enter Nebraska. The Web-enabled process would also create a database, accessible by law enforcement, to authenticate and verify trip permits. The on-line process will include a payment process and payment engine that will virtually eliminate manual collection of, and accounting for, the trip permit fees. The Nebraska State Patrol estimates that it takes them at least 270 person hours per year to account for trip permits. I do have an

amendment that I would like the committee to consider, and we have provided that to Committee Counsel. The amendment strikes the language on page 11, line 20 through 23 and again on page 13, line 1 through 3. After further reading of the bill, we just...we reviewed this existing language that authorizes the director to collect and retain an additional 10 percent of the trip permit fee. The language is problematic in a couple of ways. First, normally the reference would be that the department has the authority to collect and retain a fee, not the director. Since I'm not going to be here anymore, I think we should get rid of this. Just a joke. And, second, the bill does not direct the deposit of the 10 percent to any specific DMV account. Eliminating the language will eliminate the problems and allow the department to rely upon existing statutory authority to assess an electronic access fee for services through its on-line portal service. Chairman Dubas, again...and Vice Chairman Smith, I'd be happy to answer any questions you may have regarding this bill. [LB250]

SENATOR SMITH: Are there questions for Director Neth? Senator Hadley. [LB250]

SENATOR HADLEY: Vice Chairman Smith, thank you. Director Neth, basically the way the system works now...that if they're members of the IRP or the IFTA, that allows us to basically kind of collect an "in lieu of fuel tax" for their driving across the state of Nebraska. Is that... [LB250]

BEVERLY NETH: Yeah. Both of those programs are programs that are...a carrier, a motor carrier, say you're a motor carrier based in Nebraska, but you operate regularly in commercial ventures that take you to five other jurisdictions or take you to Wyoming and Kansas and South Dakota and North Dakota. What you would do is, you would register your vehicle fleet in IRP and IFTA. You would come to Nebraska, if you're first time registering. You would estimate the number of miles you're going to run in each one of those jurisdictions, and then we charge you a pro-rata share of the registration fees and the fuel tax associated with the mileage you're running in those jurisdictions. We collect it all for the other jurisdictions, and we distribute their shares to them. We'd be collecting our portion as well. Some portion of those miles traveled would be within Nebraska. So we collect a pro-rata share of registration fees, and we collect a pro-rata share of fuel taxes for Nebraska-based carriers that run in multiple jurisdictions, in interstate travel. And these trip permits are for carriers that do not register in either of those programs. So what we say to them is: you're a motor carrier, and you operate in Kansas, and you want to come up here and deliver some goods to Nebraska. You have to stop...currently you'd stop at the nearest location, where there's a vendor selling the trip permit and you'd pay \$20 in lieu of IRP registration...I mean, I have that backwards, \$25 in lieu of IRP registration and \$20 for IFTA fees. And then you do your business. That trip permit is good for 72 hours and you leave Nebraska. Next time you come back, you have to do the same thing over again, unless you are...generally you would make a decision at some point. If you are constantly going to a certain state, you'd probably register your vehicles in IRP and IFTA because it's just so much easier to account for those miles.

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Transcriber's Office

Transportation and Telecommunications Committee
January 28, 2013

[LB250]

SENATOR HADLEY: And so is this \$25 and \$20, is that to make up at all for the fuel tax that we're not getting. Is that correct? [LB250]

BEVERLY NETH: Um-hum, and the registration fees. [LB250]

SENATOR HADLEY: And the registration fee. [LB250]

BEVERLY NETH: Yes. [LB250]

SENATOR HADLEY: And so that's just an estimate of what...it makes no difference if the person is coming from Council Bluffs to Omaha for a delivery, or if the person is entering in Omaha and exiting in Sidney. [LB250]

BEVERLY NETH: Yeah. Well, as a matter of fact, to make it even more complicated, we have a reciprocity agreement with Iowa that covers Council Bluffs and Omaha, so you get to run all over those two cities without any kind of IFTA...we extra the IFTA, but there's no trip permitting going on in that jurisdiction. But you're right. You could come from Des Moines, Iowa, and drive all the way across to Scottsbluff and turn around and go all the way back; as long as you accomplish that trip within 72 hours, that \$25 and \$20 fee are what you pay. [LB250]

SENATOR HADLEY: Okay. Thank you. [LB250]

SENATOR SMITH: Senator Brasch. [LB250]

SENATOR BRASCH: Thank you, Vice Chairman Smith. Thank you again. Now this is done electronically on-line, correct? [LB250]

BEVERLY NETH: Not currently. [LB250]

SENATOR BRASCH: Not currently. Okay. [LB250]

BEVERLY NETH: Currently it is paper. Most vendors fill out a piece of paper. So for instance, I live...I grew up in Red Cloud, Nebraska, and we are five or six miles from the Kansas border. And there is a gas station in Red Cloud, Nebraska, that sells trip permits. So the carrier drives in on Highway 281, into Red Cloud. They go to Olson's, is what we call it, and they pay their money and the vendor...the clerk at Olson's fills out a piece of paper and hands it to them. That trip permit is not in a database anywhere. The collection of those fees really aren't even in a database anywhere. It's kind of a...you know, so there's a lot of good old-fashioned Nebraska reliance upon people doing the right thing in this program. We're saying we want to put it into a database so roadside, if

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Transportation and Telecommunications Committee
January 28, 2013

that carrier is stopped, that law enforcement officer has some level of confidence that that trip permit is accurate, is validly issued, and it's valid for the 72 hours. And the person has obtained it prior to coming into Nebraska; they've paid all the fees associated with it, and they have the authority to run for that period of time. [LB250]

SENATOR BRASCH: And then they will...it will be electronically in the database so the State Patrol and whoever...so there is no "print this permit" piece of paper. [LB250]

BEVERLY NETH: What we'll probably have the carrier do is print something at home. But the database will show State Patrol the time the trip permit was permitted, I mean was printed, so they can go ahead and be able to view this...you know, make the calculations of the 72 hours and see. But the trip permit itself will probably have the information on it. We haven't really gotten so far as to visualize what that will be, but we will work I'm sure very carefully with State Patrol and other law enforcement to make sure we're putting the things on the face of the printed permit so that it's got enough information that you can see it has everything it needs, and then you can double-check it in the database and verify it. [LB250]

SENATOR BRASCH: Some other states...it's just in their database what they...I think New Mexico is one of them and some others. I've done this paperwork for my farmer and...who does a little trucking. But it's nice when it is electronic and you don't have to print it out or have something in more than one semitruck or... [LB250]

BEVERLY NETH: Right. [LB250]

SENATOR BRASCH: But...and then currently they're finding a truck stop or someone, like you're saying, a vendor, authorized, and they send that money back to the state. [LB250]

BEVERLY NETH: They do. [LB250]

SENATOR BRASCH: Okay. [LB250]

BEVERLY NETH: They remit the fees back then to State Patrol, and then State Patrol has an accounting process they do, a reconciliation process they do, it's all manual at this point. That's the other piece of the puzzle with the on-line system, that accounting and that reconciliation would take place within the payment engine and that payment portal. [LB250]

SENATOR BRASCH: So they would be losing a little bit of income if they did it just straight through the state of Nebraska. [LB250]

BEVERLY NETH: The vendors who are associated with the process now will lose a little

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Transportation and Telecommunications Committee
January 28, 2013

bit of income. Most vendors aren't making a lot of money. I suspect the 10 percent they're generating is probably more of a nuisance for them. There are a couple of large vendors that, in addition to the 10 percent, they're charging, as I said, \$40. So you're paying for the \$45 for the actual two combined trip permits; on top of that you're paying an additional \$40 for these vendors to issue this to you. Nebraska doesn't...the state doesn't intend to charge that kind of a fee. [LB250]

SENATOR BRASCH: And then I imagine, though, that if you authorize credit cards, then you...the state will pay the transaction fees that credit cards are... [LB250]

BEVERLY NETH: There will be some kind of a convenience fee or the electronic access fee. That's why we think that 10 percent language probably doesn't need to be in there. That electronic access fee authority already exists over at...I'm not sure what chapter it's in, probably 80, Administrative Procedures Act, I think. [LB250]

SENATOR BRASCH: Okay. All right. I believe the industry would welcome being able to do it electronically for unexpected trips. [LB250]

BEVERLY NETH: Oh, sure. That would be the nice part of it. Yeah, and then you wouldn't have to stop. You could keep going because stops cost money. [LB250]

SENATOR BRASCH: Um-hum. Sure. Thank you. [LB250]

BEVERLY NETH: Um-hum. You're welcome. [LB250]

SENATOR SMITH: I see no additional questions. Thank you, Director Neth, for your testimony. [LB250]

BEVERLY NETH: Thank you very much. [LB250]

SENATOR SMITH: We will continue on with proponents of LB250. Seeing none, we will move onto opponents of LB250. Seeing none, we are entertaining anyone who wants to testify in neutral capacity. Welcome. [LB250]

LARRY JOHNSON: Thank you, Senator Smith, members of the committee. My name is Larry Johnson, L-a-r-r-y J-o-h-n-s-o-n. I'm the president of the Nebraska Trucking Association. And we're testifying neutral on this bill. We think it's a good idea...that it will bring technology and some efficiencies and save costs to the industry. My committee wanted to make sure that we went on the record, though, as saying that, as soon as technology was available, that we would want to work with the Department of Motor Vehicles and the State Patrol to possibly get that into a paperless type smartphone application. And that was their only concern on it. Questions? [LB250]

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SENATOR SMITH: All right. Any questions for Mr. Johnson? Seeing none, thank you for your testimony. [LB250]

LARRY JOHNSON: Thank you. [LB250]

SENATOR SMITH: Is there anyone else that would like to testify in a neutral capacity? Seeing none, Senator Dubas waives closing. And that concludes our hearing on LB250. Thank you. [LB250]