

Transcript Prepared by Clerk of the Legislature Transcribers Office
Transportation and Telecommunications Committee February 19, 2019

FRIESEN: Good afternoon, everyone. I'd like to welcome you in today's Transportation and Telecommunications Committee hearing. I'm Curt Friesen from Henderson, chairperson of the committee. I represent District 34. I'd ask that you please silence all of your cell phones and electronic devices. We'll be hearing bills in the order listed on the agenda. Those wishing to testify on a bill should move to the front of the room and be ready to testify. We have set aside an on-deck chair up here so that you can be sitting in that when the next testifier is ready to go. If you will be testing, testifying, legibly complete one of the green testifier sheets located on the table just inside the entrance. Give the completed testifier sheet to the page when you sit down to testify. Handouts are not required but, if you do have a handout, we need 10 copies. One of the pages will assist you if you need help. And when you begin your testimony, it is important that you clearly state and spell your first and last names slowly for the record. If you happen to forget to do this, I will stop you and remind you to do that. We will be using the light system again today. We'll have five minutes. When you see the amber light come on, that's the end of your four minutes; you have one minute before the red. And when the red light comes on, I'd hope you wrap it up. Those not wishing to testify may also sign a sheet in the back door that indicates your support or opposition to a bill. Staff legal counsel Tip O'Neill, committee clerk Sally Schultz, and I will let the senators introduce themselves, starting on my right with Senator Bostelman.

BOSTELMAN: I'm Bruce Bostelman, senator of District 23: Saunders, Butler, and the majority of Colfax Counties.

ALBRECHT: I am Joni Albrecht from northeast Nebraska: Wayne, Thurston, and Dakota counties.

GEIST: Hello; I'm Suzanne Geist. I represent District 25, which is the east side of Lancaster County.

DeBOER: Hi; I'm Wendy DeBoer. I represent District 10, which is Bennington and the surrounding areas, and also northwest Omaha.

HILGERS: Mike Hilgers, District 21: northwest Lincoln in Lancaster County.

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CAVANAUGH: Machaela Cavanaugh, west-central Omaha, District 6: Douglas County. I have a special guest with me today who may be making some surprise appearances. His name is Barrett.

HUGHES: Dan Hughes, District 44: Perkins, Chase, Dundy, Hayes, Hitchcock, Frontier, Red Willow, Furnas, Gosper, and Harlan Counties.

FRIESEN: And we have Alyssa and Preston as our pages today. So with that, we will open the hearing on LB550. Welcome, Senator Vargas.

VARGAS: Thank you, Chairman Friesen, members of the committee. It's new to be in this, in this room; I'll get used to it. Good afternoon. My name is Tony Vargas, T-o-n-y V-a-r-g-a-s. I represent District 7 in the Nebraska Legislature to the communities of downtown and south Omaha. LB550 is a bill to lower and eliminate some taxes and fees on wireless and prepaid wireless services. So I think the best place to start talking about this bill is to give a background on why I introduced it. For all the talk about wanting to make Nebraska a lower tax state, I know we talk about personal income tax, corporate tax, property tax. This is one area of tax policy that I haven't heard too much about or we haven't heard much about. It might surprise you to learn that Nebraska actually has one of the highest state and local taxes on cell services in the country-- in the top five. I brought with me a few pages from the Tax Foundation's annual report, which will highlight the growing problem of increasing federal, state, and local taxes and fees on wireless services, which I'll hand out actually. Page? Oh, thank you very much. In addition--oh, I have one more, too. In addition, what I'm also gonna pass in a second are gonna be a one-page summary of the bill, which includes a chart comparing the cost of services for both Omaha, Lincoln, and Bellevue, three cities within 60 miles of each other but that consumers pay different costs for wireless services. Now I'm going to start with the most comprehensive national overview of this issue which is the-- found in the Tax Foundation's annual report from 2018. This report does a state-by-state comparison of wireless taxes and fees, and it shows that Nebraska's effective tax rate is 25.5 percent. Now what we mean by this is the combination of federal tax rate of 6.34, the combination of state and local taxes and fees, which are 18.75. Not only is Nebraska the fourth highest tax rate in the country, when it comes to cell services, it is far and away the highest in the region for local and state taxes and fees. Iowa's is 9.16 percent, Kansas is 14.59, Colorado's is 12.34, Wyoming 8.17-- 8.74, South Dakota 14.22, and Missouri 14.79 percent. Taxes and fees in Nebraska include a state

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Universal Service Fund fee of 6.95 percent, a Telecommunications Relay System fee of 2 cents per line per month, an Enhanced 911 fee of 45 cents per line per month, and the state sales tax of 5.5 percent. In addition, state statute permits cities of the metropolitan class to levy local sales and occupation taxes on wireless services; both Omaha and Lincoln do. Local sales tax in Omaha is 1.5 percent, and in Lincoln it is 1.75 percent. The occupation tax in Omaha is 6.25, and in Lincoln it is 6 percent. Again, all of this adds up to an effective tax rate of up to 18.75 percent, which does not factor in the federal rate of 6.34. All the fees and surcharges levied onto wireless consumers goes into cash funds with consistently high balances. At the end of 2017, the cash fund balance of the TRS funds 2016-17 was about \$680,000. The Enhanced Wireless E-911Fund [SIC] was more than \$14.4 million and the state Universal Service Fund was nearly \$43 million. That's a lot of money. It's a lot of money to be holding onto at the cost of high taxes to consumers. Each of the various fees and taxes levied locally serve their own purposes. I'm not here to dispute whether or not they serve a purpose. I'm sure there will be a number of testifiers to justify each of them behind me. But what I'm interested in learning and discussing here today is, why are Nebraskans so much high, Nebraska's taxes here are so much higher than every other state? Do they need to be this high? Every other similar state in the country, especially in the Midwest, delivers the same services but at a much, much lower cost to consumers. Why? Why is the price tag so high for Nebraska? And why is the burden on Nebraskans so high when we have a surplus? LB550 is one possible approach to marginally reducing the cost to consumers. First, it would prohibit any municipality from imposing a tax or a fee related to wireless and prepaid wireless services without voter approval. Section 2 removes wireless service from being subject to the TRS surcharge, which is currently 2 cents per line per month. Section 4 would reduce the required surcharge for wireless carriers to collect and remit to the 911 Service System Fund each month from 70 cents, or 50 cents for cities in the metropolitan class, to 35 cents. And they are currently at about 45 cents. Section 7 repeals the Prepaid Wireless Surcharge Act, which removes the requirement to collect the Nebraska Universal Service Fund surcharge which, at this point as of 2019, is 5.3 percent, point of sale. Now I want to be clear. It is not my intent to harm lifesaving 911 services or to interfere with progress on developing communications or technology infrastructure across the state. I also do not want to make the expectation that, as it currently is, that this is going to be the best possible solution. I think it's a solution to a growing problem in our state. I want to

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have a discussion here today on why taxes and fees are so high, and what we can do to compromise and make them lower for consumers and more comparable to our neighbor states. The only other thing I want to add here is that I represent a district that has a predominately lower-income population, and cell phone services being a more reliant source that people are utilizing. And we're talking about cell phone services. I want to figure out a way that hardworking Nebraskans are not being more detrimentally impacted by these taxes that are being imposed upon them, especially when we're so high in the region, especially given the information that I've presented to you today, here today. With that, I'll be happy to take any questions from the committee. I want to thank you for your time.

FRIESEN: Thank you, Senator Vargas. Are there any questions from the committee? Seeing none--

VARGAS: Thank you; I'll stick around.

FRIESEN: Thank you. Proponents who wish to testify.

CHRIS PETERSON: Chairman Friesen and members of the Transportation Committee, my name is Chris Peterson, C-h-r-i-s P-e-t-e-r-s-o-n, appearing today as a registered lobbyist for T-Mobile, in support of LB550. I'm sharing a letter of support from T-Mobile with the committee and will briefly summarize the key points. Over the past 24 months, T-Mobile has rapidly expanded its Nebraska network and retail footprint for both their T-Mobile brand and their prepaid brand, Metro by T-Mobile. T-Mobile is laying the network foundation for the next generation of wireless services-- 5G, or fifth generation. T-Mobile employs hundreds of Nebraskans and is bringing their award-winning customer care and the nation's fastest 4G LTE network to Nebraska. T-Mobile agrees with its industry colleagues and CTIA that Nebraska's wireless tax burden is exceedingly high, the fourth largest in the country. At a time when wireless carriers are expanding and improving their networks, many states are looking at ways to encourage rapid investment. High taxes are a deterrent to investment, a disincentive to growth, and lessens competition. Curtailing these excessive taxes would provide business certainty and start to reduce the wireless tax burden in Nebraska. LB550 also offers the public a role in the process and creates a transparent process. LB550 would put guardrails on tax increases that deter economic development and competition. T-Mobile would ask the committee to consider an amendment to require cities to obtain voter approval on existing business and occupation taxes that exceed 5 percent, or that the business and occupation taxes be

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otherwise reduced to 5 percent or less. T-Mobile would also ask that the committee consider the overall tax burden of other competitors in the technology and telecommunications markets in Nebraska in setting a level playing field for all market participants. States commonly encourage economic development and wireless technology by lowering the wireless tax burden and providing a streamlined local siting process, as is contemplated by your legislation, LB184, which is also before this committee. Thank you for your consideration of LB550. T-Mobile looks forward to working with the committee and Senator Vargas to hopefully advance the legislation.

FRIESEN: Thank you, Mr. Peterson. Any questions from the committee?

CHRIS PETERSON: Thank you.

FRIESEN: I really should ask you a question. So is there mobile service available statewide to everyone?

CHRIS PETERSON: Yes. T-Mobile has its own network in parts of eastern Nebraska, and elsewhere we roam on other carriers. We're in the process of building out a statewide network and, combined with a merger with Sprint if that's approved by the FCC in the next few months, we should have a statewide network of our own within the next five to six years.

FRIESEN: So do you think there's 100 percent coverage at that time of the whole state?

CHRIS PETERSON: There will be 100 percent coverage between our own network and any gaps that may still rely on some roaming on other networks.

FRIESEN: OK. Do you think the enhanced-911 fees that we currently charge-- do you think they're sufficient to actually build our systems, since I think most of the 911 calls these days are coming over wireless phones? And that's probably our biggest, biggest expense now is trying to accommodate the wireless industry. So do you think those fees are sufficient to build that system?

CHRIS PETERSON: Mr. Chairman, this may be the one area of the impact on the legislation where we would urge the committee to exercise some caution to make sure that, in recognition of the question that you're asking, that the dollars are there to continue the state's policy of, of ensuring enhanced-911 for Nebraskans.

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FRIESEN: OK. Thank you. Seeing there are no other questions, thank you for your testimony.

CHRIS PETERSON: Thank you.

FRIESEN: Any others who wish to testify in favor of LB550? Welcome.

NICOLE FOX: Afternoon, Chairman Friesen and members of the Transportation and Telecommunications Committee. My name is Nicole Fox, N-i-c-o-l-e F-o-x, and I am here today to testify on behalf of the Platte Institute, in support of LB550. We all know that Nebraska is a high tax state in many regards. With state and local governments continuing to face revenue challenges, taxes on the wireless service industry and its customers has become a means of generating revenue. These taxes are regressive, and excessive taxes on wireless consumers disproportionately impacts poorer families. According to a July 2018 Tax Foundation report, Nebraska is ranked as having the fourth highest overall taxes, fees, and government charges on wireless service services in the country. And Nebraska ranks second when comparing the disparity between the tax rates imposed on wireless service to the combined state and local sales tax rate in each state. This disparity in tax burden on wireless, as compared to broad-based consumption taxes imposed on other goods and taxable services subject to sales and use taxes, has been a notable argument for reform. Wireless and other telecommunications are one of the few services that are consistently subject to sales and use taxes by states with both narrow and broad tax bases. Local governments in 12 states currently impose some type of tax or fee on wireless service over and above any broad-based local sales tax. In states with the highest wireless taxes, local taxes play a prominent role. Nebraska is one of those states, allowing local business taxes of up to 6.25 percent. Regionally, only our neighbor Missouri imposes a local tax. In 2018, Missouri enacted legislation allowing local jurisdictions to charge a wireless 911 fee of up to \$1.00 per line, per month per line, if approved by the voters. Prior to the passage of this legislation, Missouri was one of only two states in the country that did not impose state or local 911 fees on wireless service. Some states have their own user, universal service funds that provide subsidies for many of the same purposes as the federal Universal Service Fund. In Nebraska high state UCF-- USF surcharge rates add significantly to the overall burden on wireless consumers. LB550 proposes that no municipality shall impose any tax or fee related to wireless and prepaid wireless services unless the imposition of such tax has been subject to a vote of registered voters

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within the municipality at a primary, general, or special election. LB550 excludes wireless service from being subject to a surcharge of 20 cents for the Telecommunications Relay System Fund, lowers the cap of the enhanced wireless 911 surcharge from 70 cents to 35 cents, and it removes this additional fee on prepaid wireless services by eliminating the prepaid wireless surcharge. At a time when many Nebraskans desire tax relief, LB550 reduces tax burdens to consumers and gives voters a choice when it comes to local taxing authority. Thank you for the opportunity to testify today, and I'm happy to answer any questions.

FRIESEN: Thank you, Miss Fox. Any questions from the committee? Senator Cavanaugh.

CAVANAUGH: Thank you, Chairman. Thank you, Miss Fox. Just looking at the states that have the highest taxes-- and Nebraska's in the top five--

NICOLE FOX: Um-hum.

CAVANAUGH: --I see Washington and Alaska both have almost 19.5 percent. Both of those states don't have state income tax. Is that correct? Well, I'm putting you on the spot, but I think they maybe don't. I'm just trying to figure out what the taxing structure is in these other states, where it's so high versus we have state income tax.

NICOLE FOX: Yeah, I don't know the reason for why they're so much higher. But I just wanted to illustrate where Nebraska ranks.

CAVANAUGH: Thank you.

FRIESEN: Thank you, Senator Cavanaugh. Any other questions from the committee? So let's just-- I live in a rural area; I'm not inside a municipality.

NICOLE FOX: Um-hum.

FRIESEN: And so I get no benefit from any of these occupation taxes at all, and yet I pay the bill because the companies pass them on in, in a general rate for the whole state. And that'd be correct? Because I don't, I don't think they-- I mean, if you look at your cell phone bill, if-- just because you live in the city of Omaha and they have a 6 percent occupation tax, it's not listed as a separate tax. It's built into the cost of my cell phone and your cell phone. And so the

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cities right now-- would you say they're the main culprit of raising fees on cell phones?

NICOLE FOX: They definitely play a role, and I think that, that people should have a right to have a say in if those fees are going to be imposed or raised. And--

FRIESEN: So would it--

NICOLE FOX: --it's not to say that maybe, I mean, another city may not start to--

FRIESEN: You know. I'm all--

NICOLE FOX: --tax.

FRIESEN: --for holding down fees but, when I look at the occupation taxes that are collected by the municipalities, that I am having to pay, I look at the Universal Service Fund that Nebraska has in order to get broadband out into the rural areas as a pretty cheap tradeoff. Would that be a fair assessment? Thank you, Miss Fox. Any other questions from the committee? Seeing none, thank you. Any the other proponents? Seeing none, are there any who wish to testify in opposition to LB550?

NORMAN WEVERKA: Senator Friesen and members of the Telecommunications and Transportation Committee, my name is Norman Weverka, W-e-v-e-r-k-a. I live in Brainard, Nebraska. I'm here to let you know that several years ago Nebraska took action to establish a relay system through, statewide, for deaf peoples would have access to phone services and a variety of other services, much akin to other states. Nebraskans celebrated the fact that they could actually place calls, through a relay system, to the hearing community. It was a huge milestone for deaf Nebraskans statewide. Annually we do have a surcharge to, to support the relay system that we use for, for these services. The deaf celebrate this, this surcharge, a celebration of equality to the rest of Nebraska. The system is not only used by the Deaf Community but is used by the hard of hearing community as well as the speech-impaired, as well as the Deaf-blind communities; they rely on these services, as well, as well as the hearing people. Hearing people use these services to access deaf people, to call deaf people. So effective communication can take place in both directions. Last year I testified to ensure that 911 experienced equal access for those who are deaf or hard of hearing. In rural areas, I might be out in the

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field and need to place a call where, as a hearing person, you could call 911 easily. But I have no such access. I have to use texting. That is the only way to establish a good communication with 911 or a PSAP service. Today I'm hearing that they want to eliminate some of these, these taxes that support 911 services. They haven't established 911 service-- text-to-911-- statewide. I believe there is, they're making headway to making that service accessible. But if they don't have the money to make those services accessible, the Deaf and hard of hearing community could be in the dark again and experiencing not, "inequal" access to those services. We're not asking people to give up 911 services; we're asking people to make them equal. So I think that's a topic we need to keep in the front of our minds to keep, to understand where that money is going. We've always been in good relations with the Deaf Community to finding a balance. We never overcharged for a service. If we saw a, a surplus in our budget, we, we increased or decreased the surcharge to, to ensure there was not a high surplus, and to meet our budgetary needs and so forth. And I think it is a fair system. This, this bill upsets me because I live in a rural area and I want, I want, and I want other deaf people to be able to communicate with 911 service and not have access to those or have those services delayed. I just do not see that as a fair situation. So this is why I am in opposition of LB550. Thank you for listening, and I'd welcome any questions.

FRIESEN: Thank you, Mr. Weverka. My dad also uses a hearing-impaired phone, so that's how I communicate with him. I appreciate your testimony. Are there any questions from the committee? Senator Geist.

GEIST: Thank you for your testimony. Where you live in Brainard, can you text 911?

NORMAN WEVERKA: I just found out recently that the, at the most recent Public Service Committee [SIC] meeting, I can now. But one county over, I cannot. So that's not in place. So it's, it's, it's in the process. I understand that this takes time. This is not an overnight process. We can't expect these smaller towns to change or charge enough funds to change this system overnight. Technology needs to adapt and change. But I've, I truly feel sorry for some people. Like you were saying, you know, your dad-- if he wants to make a call, you know, the equipment that he probably uses came from the relay fund. It provides access for the deaf and hard of hearing to access telephone services, and I just don't wish to see that that system destroyed.

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GEIST: So, so you would be an opposition to eliminating the relay fund and the E-911 fund.

NORMAN WEVERKA: Yeah. It needs to be maintained. We, we've always-- like we've, we've had. We don't, we don't want to see these funds removed. I know that, you know, the PS, the Public Service Commission, if they're, they're lacking funds for services, cuts are going to affect our community; they're going to have to. So I see the Public Service Commission-- if they don't have the funding, they cannot support these services and all our efforts.

GEIST: Thank you.

FRIESEN: Thank you. Senator Geist. Any other questions from the committee? Seeing none, thank you very much for your testimony.

NORMAN WEVERKA: Thank you.

FRIESEN: Welcome.

CODY McEVOY: Hello. Hello. My name is Cody McEvoy, C-o-d-y M-c-E-v-o-y. I work for the Nebraska Commission for the Deaf and Hard of Hearing. I'm here to kind of testify in opposition of LB550. I'm here to, to share a personal story that I've had. It does, it did not occur here in Nebraska but I can see how this, this bill would affect 911 services, text-to-911, here in the state of Nebraska. Not too long ago, I had a situation come up where I had to place a call to law enforcement. And I had to use a relay system to reach out to law enforcement, and it went through a third party, through a sign language interpreter. It took a few minutes to find an available sign language interpreter and time, time was ticking, time was ticking. I got ahold of the, the police department and explained my situation. They had to transfer me to another county or another district, and time was, we were still on the clock. So I got transferred, transferred, and they said that that area could not serve me so I had to transfer to a third area. And again, I'm still on the clock with my situation. Funds from front-- if, if LB550 passes and funds don't support text-to-911 services, like Norm had said, it's critical for people to be able to text 91 [SIC] services directly to law enforcement, not go through a third party and waste time in these critical situations. Another reason I think it's critical for the Deaf Community is in domestic violence situations. Time, time-sensitive situations, if violence is at hand and a person needs to call law enforcement and speak for themselves, that places them at a higher

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risk for at, from their abuser. In situations of domestic violence, if you can text-to-911 and that, that PSAP can receive that message discreetly, that helps resolve the domestic violence situation. So that's, those were a couple of personal stories that I wanted to share with you in my opposition for LB550.

FRIESEN: Thank--

CODY McEVOY: Thank you.

FRIESEN: Thank you, Mr.--

CODY McEVOY: I welcome your questions.

FRIESEN: Thank you, Mr. McEvoy. Any questions from the committee? Senator Bostelman.

BOSTELMAN: Thank you, Chairman Friesen, and thank you, Mr. McEvoy, for being here today. I'm curious. Do you know, of the fees that are collected now, is there an amount that's-- could be used that's less than what's being collected? In other words, do you know what the annual requirement for these areas, for both the TRS and other areas to function?

CODY McEVOY: I think that would be a question better answered by the Public Service Commission themselves.

BOSTELMAN: Okay, thank you.

FRIESEN: Thank you, Senator Bostelman. Any other questions from the committee? Seeing none, thank you for your testimony.

CODY McEVOY: Thank you very much for your time.

TIM SCHRAM: Good afternoon. Excuse me. Good afternoon, Chairman Friesen and the members of the Transportation Telecommunications Committee. My name is Tim Schram, T-i-m S-c-h-r-a-m. I represent the 3rd district of the Nebraska Public Service Commission. I am here today to testify in opposition to LB550. The Commission opposes LB550 because of the negative impact the bill will have on implement, on the implementation of Next Generation 911 and the telephone relay system that serves the Deaf and hard of hearing community in Nebraska. Just over one year ago, the Commission appeared before the committee to present the Nebraska 911 service system, system plan, and this committee and the entire Legislature voted unanimously to adopt LB993,

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which authorized the Commission to proceed with the implementation of Next Generation 911 in Nebraska. Next Generation 911 will use modern communications technology to replace the 1960's era technology that, that is currently being used to contact emergency services. Many people assume the current 911 technology can locate their cell phone now. After all, Uber and Pizza Hut can find me-- why not 911? The fact is, the current 911 system has serious limitations locating callers. Next Generation 911 will use geographic information system, or GIS, technology to precisely locate 911 callers and immediately route the calls to the correct 911 call center. First responders will know precisely where the emergency is located within a few feet or even less, even if the caller does not know where they are. This technology saves lives. The Public Service Commission has been prudently setting aside money for this program for years, waiting for the implementation "go" signal from the Legislature so that Nebraska can transition to Next Generation 911 without the use of state General Funds and to forestall any potential increase in the 911 surcharge rate for as long as possible. LB550 would put Nebraska's progress toward Next Generation 911 at risk by reducing the cap on the surcharge to 35 cents and completely eliminating all funding from prepaid wireless phones. Under LB550, funding for public safety and Next Generation 911 will be reduced by 22 percent. Nebraska's current wireless 911 surcharge is 45 cents per month, and Nebraska already has one of the lowest rates in the country, well below our neighboring states. South Dakota, Iowa, and Colorado are all over \$1.00 per month, and Kansas is currently at 60 cents per month with legislation pending to over \$1.00. In Wyoming, all but two counties are at 75 cents. Nationally we know only five states with lower wireless 911 surcharge rates than Nebraska. LB550 would decimate annual 911 funding statewide by \$2.7 million. While benefiting consumers minimally, wireless consumers would save a dime each month or \$1.20 per year. Most importantly, LB550 would turn back the clock on the Legislature's unanimous decision last year to move forward with Next Generation 911 in Nebraska. The 911 service system plan would have to be redone and the transition to Next Generation 911 will take longer. The day the firetruck or the ambulance will know exactly where you are will take much longer for Nebraska to achieve. Other important parts of the plan, such as increased availability of text-to-911 service would also have to be reviewed. Every part has a price tag. LB550 also drastically reduces the funding available for our state's telephone relay system, or TRS, a telephone system that serves the Deaf and hard of hearing community. TRS enables the Deaf Community to communicate through the use of specialized equipment and services. The TRS program

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must be available 24/7 and provide prompt, high-quality service. The TRS surcharge that funds the program has historically been minimal at a rate of one or two cents per line. LB550 shifts the burden of paying for the program away from all users of telecommunications service onto only those individuals with landline service. In other words, landline customers would be responsible for all the fixed costs associated with TRS program instead of spreading the cost among all the users of the telecommunications services, including wireless or prepaid wireless users. Wireless services represent 70 percent of the revenues to the TRS fund with an additional 3 percent from prepaid wireless customers. Wireline customers would see a large increase in the surcharge on their bill to make up the debt, that deficit. The Commission believes this would impose an unfair burden on landline customers. But the Commission is tasked, under state law, to maintain the level of TRS services for the important and highly valued program for the Deaf and hard of hearing community. I thank the committee for its time and attention this afternoon, and I would be happy to try to answer any questions you may have.

FRIESEN: Thank you, Commissioner Schram. Any questions from the committee? Senator Bostelman.

BOSTELMAN: Thank you, Chairman Friesen. Thank you, Commissioner Schram. I'll ask you the same question. I guess the question really comes down to, is there a point when these fees can be reduced or we're at a point where we can reduce those fees as to a certain portion at this point in time?

TIM SCHRAM: Now for the TRS, the current surcharge was one cent, and we, we're, we try to be cautious of our cash flows at the Commission. And the wire, the TRS advisory board met in January. They're going to, they have recommended a 3-cent surcharge, and we knew that was coming. We brought it down to 1 cent to bring down that cash balance and that cash reserve. So we're gonna go to-- it's been proposed by the advisory board, recommended to go to 3 cents. We have a committee-- we have a hearing set on the TRS surcharge later on. So did that answer your question? I could give you a little more on that. One cent-- right now in our current assessment base, 1 cent brings in about \$20,000 a month of revenue.

BOSTELMAN: And if it goes to 3 cents, will that be a permanent or will it be a, for a short duration of time-- so many years-- then move

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back, do you think? Or is it like an upgrade of equipment and stuff?
Or is that--

TIM SCHRAM: We look at that. We meet every year. I think by statute we have to, to determine that rate and look at the fund. Currently, we have an RFP out to, for, for the selection of a vendor for the TRS program. So we'll have to take a good look at that RFP and look what the cost is of providing that TRS service from that vendor.

BOSTELMAN: So let me ask, go in the weeds a little bit on this one. So the TRS service, are we talking about those who translate? So I call my parents, who have a phone that does a digital readout. And so it goes through, and a person who then translates what I'm saying into a, you know, types it out and then it appears on their-- scrolls across on their phone. And sometimes it's less than accurate, I would say. With that, is that the service we're talking about, looking at that part of it?

TIM SCHRAM: Yeah. The traditional TRS service is where the vendor, a telecommunication company that specializes in TRS, contracts. Like I said, we have an RFP out now. And the hearing-impaired person subscribes to the service, and it goes through an interpreter and then the call is translated. A CapTel system, which also is funded through the TRS system, is actually a caption telephone that gives the script of what's being said.

BOSTELMAN: So also, I understand if you have a smartphone, if you will, that that can be done digitally; you don't have to have an interpreter. Is that correct?

TIM SCHRAM: Yes. We also have use-- it's allowed in the funding for certain mobile devices if the program, if they make application. And with all the TRS program, there has to be certification from a medical professional or an audiologist that these individuals qualify to participate in the fund.

BOSTELMAN: Do you see maybe that this will, at some point, transition to that completely? I guess with the technology we have now, I know some folks like my parents are still landlined and--

TIM SCHRAM: Yeah.

BOSTELMAN: --and those things. But would that help in costs, perhaps?

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TIM SCHRAM: Possibly. I also serve on the interstate Telecommunications Relay on the federal level. I'm one of two state commissioners to serve on that for the FCC. And we're seeing nationally the trend is that traditional relay minutes continue to decline with the advancement of technology, mobile devices. And you know, like you said, there's still those that, that depend on their landline and traditional services. But as technology migrates, so does the demand of those services.

BOSTELMAN: OK. Thank you, Commissioner.

FRIESEN: Thank you, Senator Bostelman. Senator DeBoer.

DeBOER: Thank you, Senator--or Commissioner Schram-- I do that every time-- for being here and testifying today. I'm wondering if you could talk to me about the reserve amounts we have in the 911 service system. We were given some information that we have \$14.4 million-- or you have \$14.4 million in that account. Does that sound approximately right to you?

TIM SCHRAM: Yes. That's subject to check.

DeBOER: More or less?

TIM SCHRAM: I would say that's correct. And a little history there-- the Commission, working with the stakeholders or the PSAPs, or public safety answering points, Next Generation 911 has been talked about in the PSAP community, not only in Nebraska but nationally, for years. And we knew, going forward, that we needed to start looking forward and, of implementation, and first the LB938, which was to set the plan. And then the plan was submitted to the Legislature approximately a little over a year ago, and that's when LB993 came before this committee and the Legislature and was unanimously approved. But to say, you know, reserve or surplus, I, I, I, I would say it was proper planning, going, that where we were going to have these costs.

DeBOER: [INAUDIBLE]. Can you tell me what the approximate projected cost of this enhanced-911 program is going to be?

TIM SCHRAM: I would refer to the plan that was submitted under LB993 to be completely accurate.

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DeBOER: OK. Do you know, do you have an approximate amount? I've heard something-- \$6 point-some million-- but I don't, I don't have that information; wasn't here last year.

TIM SCHRAM: Well, I mean there are several components there. First of all, you have to have the Emergency Services Internet--

DeBOER: Uh-huh.

TIM SCHRAM: --Network to be built, and there will be an RFP on that, to build that network. And then the PSAP itself has to have the equipment that's compatible. So in the plan we're looking at, it-- and I have to give the local PSAPs, the counties, and cities a lot of credit. They're doing a phenomenal job of regionalizing, realizing the cost savings of that to the state and local government. And so with that, it's, we're going to, we're going to roll out by regions once we build a statewide ESInet. And you know, to, the costs we may have today and what we've projected, like I said, I'd be cautious and, and, and I would refer you to the, to the 911 system service plan that was submitted to the Legislature for better guidance as far as a cost projection.

DeBOER: OK. If it is in fact true that it is less than, than this \$14.4 million, then what would be sort of the, the use of that, those other funds? Where would those other funds-- I mean I know that you've been carefully planning and preparing.

TIM SCHRAM: Um-hum.

DeBOER: But it sounds like you've done an excellent job of doing that careful planning and maybe you, you've maybe even saved more than you needed. Is there-- are there other projects that are on the horizon here? Or what, where would that money go?

TIM SCHRAM: Fourteen point four million will be consumed rather rapidly. And, and I didn't bring the information with me today, but also, there's federal grants that we're actively working on now, too, but it'll be more than \$14.4 million.

DeBOER: To do the, to do the Next Generation 911.

TIM SCHRAM: To do the entire state. It'll be--

DeBOER: OK. That's, that was one thing I wanted to know. So it is more than that amount. The next thing I wanted to talk to you about was the

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Universal Service Fund. The NUSF, it looks like we have, that there's \$43 million balance, ending cash balance for 2016-17. I've been looking at the-- there was a, an audit performed by the Legislative Audit--

TIM SCHRAM: Correct, a year ago.

DeBOER: Yes, so my numbers are a year off.

TIM SCHRAM: Um-hum.

DeBOER: Is that substantially the same number now, \$43 million? Is it roughly in that same area at the end of 2018?

TIM SCHRAM: Subject, subject to check, I would say yes.

DeBOER: OK, so roughly that area. I was looking at it and something, you know, that caught my eye was that the total allocated amount of the USF in the price cap carriers was only 30 percent in the 2016 and 2017 year. Has that materially changed in 2017-2018?

TIM SCHRAM: Well, I can tell you that, you know, looking at, at the, at the price caps, we, we have changed to the fact that 80 percent has to be for capital--

DeBOER: Right.

TIM SCHRAM: --investment and 20 percent for ongoing costs.

DeBOER: The findings that we have here, though, suggest that the sort of specific, detailed here's what we're going to do with this money has only totaled up to about 30 percent that is used. Does that fit with your understanding of where we're at?

TIM SCHRAM: Well, we have, we have a number of programs for the Universal Service Fund for deploying not only maintaining legacy, our voice legacy networks, but also on-- and, and the 911, NUSF and TRS are all funds that, that the Commission reviews annually. The U, NUSF has ongoing support, and we also have grant programs to the carriers to deploy better broadband across the state.

DeBOER: And do you know what the reason might be that they are not using those funds, that it looks like we're only allocating 30 percent of what might be, what the price cap carriers might be eligible for?

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TIM SCHRAM: I would ask the carriers that question.

DeBOER: OK. I think that's all the questions I have. Thank you.

TIM SCHRAM: Thank you.

FRIESEN: Thank you, Senator DeBoer. Any other questions from the committee? So last year when we're discussing the E-911 system, I know-- is there a reason that we capped those fees at 45 cents?

TIM SCHRAM: We could go higher than that.

FRIESEN: Projections, though, that the cost of implementing E-91 [SIC] was going to be somewhere in that 70-cent range.

TIM SCHRAM: Yeah.

FRIESEN: Sound right?

TIM SCHRAM: And, and, and currently, I mean, as we're going forward, there's a number of components there, Chairman Friesen. A very important piece of the puzzle would be what kind of bids we get from the RFPs for the ESInet network and also how much money, federal money, that we may get in federal grants. And I, I, I guess I'm going to advocate here that it's really important that Nebraska shows the effort and state commitment to proceed with Next Generation 911 because it's really important in the eyes of federal policymakers that, that states are taking a lot of initiative on their own, at the state and local level. When you're, when-- it puts us in a better position of applying for those grants.

FRIESEN: So are the, are the fees that you're able to charge, are they gonna be consistent across the state or are there some counties that limit the ability to?

TIM SCHRAM: Forty-five cents wireless is, is state-- I will say that Douglas County-- and let me take a look at that; I brought that with me. The cap at Douglas County is 50 cents, and that also includes the landline surcharge. It is at \$1.00 for most of the state, and it's 50-cent cap for Douglas County.

FRIESEN: So Douglas County has a 50 percent cap on all lines then? Is that on wireless and--

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TIM SCHRAM: Yes.

FRIESEN: --landline? So no one, they will not exceed that, but other counties in the state already exceed that?

TIM SCHRAM: That would be correct.

FRIESEN: OK. Any other questions from the committee? Seeing none, thank you for your testimony.

TIM SCHRAM: Thank you.

FRIESEN: Welcome.

BRIAN THOMPSON: Good afternoon, Transportation Committee and Telecom. My name is Brian Thompson, spelled B-r-i-a-n T-h-o-m-p-s-o-n, and I'm appearing before you today on behalf of the Nebraska Telecommunications Association, the Nebraska advocacy group. And I'm also a registered lobbyist for Consolidated Companies, Inc., which is a Nebraska-based, family-owned telecommunications provider. I serve currently on the E-911 advisory board. I also serve on the Nebraska 911 Service System Advisory Committee, which is the, essentially, board that was created in LB993 to be the advisory board for Next Generation 911. Commissioner Schram really kind of took a great deal of my thunder out of my testimony, so mine's going to be very brief. But he, as he stated, LB993 was passed last year in this Legislature unanimously, and directed the two boards that I serve on to roll out the Next Generation 911 system. And within that, our advisory board recommends to the Public Service Commission each year what the surcharge should be and, since I've served on those two advisory boards, we've recommended to keep that rate flat at 45 cents, knowing that we were trying to build a small savings account, if you will, for the very large project rolling out, Next Generation 911. And there are really two pieces to the Next Generation 911 system. The first part is what happens at the local PSAP area, where they have to input new software and hardware in order to handle text-to-911, the mapping system that's all GIS-based, where they have to go down every street and find every house. And then that is then brought to the dispatch level. They have to have the phone systems that can handle the mapping. They have to have software and hardware to be able to see a text come in for 911; they have to be able to see a caller. And then they have to train those folks, and they have to do that every year, all year long. That's part A, and that's the very local part. Part B is the statewide, what they would call an ESInet, which is basically a

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large IP fiber-based network that will interconnect all of these systems around the state, in these regions, so that you have what's called failover. So if one of the answering system locations out in a local area was unable to handle calls, the calls could be rerouted to another area. With LB550, prepaid wireless and wireless surcharges would be capped or eliminated, and, and in the case of the, the 9, Next Generation 911 network, that would really set back what we have done in terms of prepared for a very significant change to new technology. Nebraska's behind the eightball on some of this. And one of the other pieces that I think goes unsaid in Nebraska is that most of the other states around us use general funds for some of this funding, and they don't use surcharge only. And in Nebraska we've only used the surcharge and not plan to spend General Funds for this project. So it's, that's very important. I think it's really important, also, to think back to the LB993 process and know that just less than 12 months ago, this Legislature told that advisory group to build this network and now we're looking at taking the revenue away from it. So it becomes kind of an unfunded mandate, in a way, if we lower those rates. I, I'm, I understand lowering taxes. I would really like that but I understand, also, that we need that revenue in order to build this network. The telecom industry stands ready to do our part in this and invest alongside the state in the Next Gen 911 network. We will have to take fiber to many locations, build redundancy, and have a high-capacity, high-reliability network that will service the whole state of Nebraska. I did want to quick touch on a couple of things that were brought up before. Regarding occupation tax, which is kind of looked at in this bill, occupation taxes are levied by cities typically and only billed to as a separate line item, the city zip codes that those taxes have been passed in. So if you're in the municipality of Omaha, let's say, and they have a certain percent-- 6-something percent occupation tax-- if you have to have an Omaha ZIP Code to be billed by Verizon for that occupation tax. It's the same way on landline as it is on wireless for occupation tax. If you live out in the country, you're typically outside of the occupation tax area. The other thing to remember is there are regulatory surcharges that are built into telecommunication bills that are not really taxes that go into General Funds. Occupation taxes and, in Lincoln's case for example, would go into Lincoln's general fund to be used for operations of the city, a surcharge typically goes directly to a specific project, like NUSF goes directly into the NUSF cash fund that is then administered by an organization to do one thing. So there's a, there's definitely a legal difference to those surcharges. NUSF on, on wireless bills-- and I'm sure there are

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wireless folks here that can talk about this, as well-- but in the state of Nebraska it is really only 4.37 percent because there is a safe-harbor percentage for interstate traffic that is not taxed or used in that surcharge. So it looks like 6.95 percent, but it really is only 4.37 because of the safe harbor. So that, that's also a thing that gets confused on wireless billing. So with that, I oppose LB550 in the areas where we're talking about the surcharges and lowering those, because that's the revenue we need to build the network. And I'm happy to answer any questions you might have.

FRIESEN: Thank you, Mr. Thompson. Any questions from the committee? Senator Geist.

GEIST: Thank you for your testimony. And my question would be about the Nebraska Universal Service Fund. There is, in our information, that the, the account balance is currently at \$43 million. Would you speak to your knowledge of whether that is way up or way down from, historically, or how you in the industry look at that, maybe how it's applied?

BRIAN THOMPSON: Absolutely. Like there are, as Commissioner Schram said, there are several pieces to the fund. And some of it is offered as grants, and some of it is offered as ongoing support that you qualify for. Well, in a historical factor, that fund has had a cash balance probably as high as \$65 million over the years but has slowly come down, specifically because of the lower number of landlines in Nebraska. And also, surcharges on wireless have come down to some extent, due to the amount of in-state services that have been offered on wireless devices. They allocate the amount of voice and the amount of Internet in the billing and then use that for the NUSF surcharge.

GEIST: So to clarify that, the NUSF is only charged on the voice part of your mobile.

BRIAN THOMPSON: Wireless device, yeah. Yes.

GEIST: Thank you.

FRIESEN: Thank you, Senator Geist. Any other questions from the committee? Senator DeBoer.

DeBOER: I'm wondering if maybe you could answer some of the questions that I'm still not very sure about. Do you know what the charge or the cost is going to be for the Next Generation 911 service throughout the

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state because this is where I'm confused? I got some number of \$6.4-- or something like that-- million, and I'm just trying to wrap my head around it.

BRIAN THOMPSON: Sure. It's hard for me to say, at this point, because I haven't seen any of the RFPs around the, the ESInet part. And we have seen a good lowering of the cost of the-- per PSAP and the regional areas-- in their cost for the different softwares and hardwares that they're buying right now. Within that estimate, from the study for LB993, it was totaled over that, or around that \$14 million area. And that's when Commissioner Schram spoke about that, and he said it would eat that \$14 million up. That's what we anticipate that it will do but, if we're able to get RFPs that are lower than the projected-- I mean they were doing this work in, in 2014, '15, '16, doing all the studies for the cost and that type of thing, and in '17. So pricing for a lot of that network may have come down. We don't know that yet without seeing the RFPs. So it's, it's really hard to answer that question. I'd love to give you-- I know--

DeBOER: No, no, no.

BRIAN THOMPSON: --it's going to be this number, but, but because of the RFP process and the competitive bidding, those numbers may be lower; and that would be great. And we recommend each year, as a, as an advisory board, what the fee should be, the 45 cents, and we've kept it solid for several years in a row. If we see that we don't need that much money going forward, then we could recommend lowering it. But we've been scared to do that so far, and the PSAP folks are not in any way getting rich on this deal whatsoever. I mean it is a very expensive project to change out the network and the software. They need locally to do that, and they have to apply for those funds and give us a line-item list, and it's a very accountable process.

DeBOER: That's great. I, I just want to make sure that we are thinking about what the cost is going to be and all of that, and I just want to get that in my head.

BRIAN THOMPSON: And we review that every year. So it's, it's not something we do just once in a while.

DeBOER: Right. Well that's very helpful; thank you. The other question I have for you-- I don't know. You're here testifying on behalf of several groups.

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BRIAN THOMPSON: Right.

DeBOER: Are any of those groups price cap carriers?

BRIAN THOMPSON: Well, the Nebraska Telecommunication Association has one price cap carrier member and that's CenturyLink.

DeBOER: OK. And so can you speak to the reason that, of the price cap grants that were available last year? Well, I have 216 [SIC] 2017 data; it was 30 percent that were actually used.

BRIAN THOMPSON: Sure. Right about that time-- and I'll give you kind of the outside view and I'll let you get the inside view from them, if any of them testify. But, but I'm what would be called a rate-of-return carrier. So I'm on, I'm a smaller Nebraska-based company. And during that time the, the Public Service Commission made some significant changes in the process in which the price cap carriers received their Universal Service funding for the state. In the past it had been kind of a-- essentially, to give you the very simple format, they would submit their financial records for the state of Nebraska, their investment, their operational costs. And then they would get support, based on those numbers. Today-- when they did the reorganization in like 2017 time frame, they turned that into a grant process. Early on in that grant process, there was a significant number of grant dollars that, that didn't go utilized because they were changing their processes to get started in applying for those grants. Twenty eighteen, on the other hand, a great deal of those grants were granted along the way and partially granted. And so I think if you look at '17 versus '18, you'll see a increase in those numbers. As a rate-of-return carrier, we pay attention to that because dollars that aren't used in that process can either be carried forward for the price cap carrier or may be reallocated throughout the NUSF program. So it's kind of an important number for us, as well. But I think that the price cap carriers are getting on to the process better and being able to utilize it better and being able to find projects that fit the grant requirements.

DeBOER: So it would be sort of your guess that, as these procedural differences get routinized, they would probably be using a much greater percentage of the available grant money.

BRIAN THOMPSON: Absolutely that.

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DeBOER: OK, thank you.

BRIAN THOMPSON: You bet.

FRIESEN: Thank you, Senator DeBoer. Any other questions from the committee? So right now, I mean, the enhanced-911 and the 911 system that we currently have, you have to maintain both of those systems with this fund. Is that right?

BRIAN THOMPSON: That's correct.

FRIESEN: And so companies were-- was there a schedule that you were going to follow to get the companies-- or the different PSAPs-- to switch over? Or was this going to just happen on a voluntary basis?

BRIAN THOMPSON: That, that's a great question. We've been, we've been doing a lot of work to encourage the different community PSAPs and networks, 'cause they're, you have the sheriff, you have the, the State Patrol, you've got the first responders and all these different folks that have to work together. As we work with the PSAPs, we've been encouraging them to upgrade their equipment so that it will be in compliance with what's necessary for the Next Gen 911 system. As the, those communities or those groups of communities have kind of saved up their pennies in order to make these upgrades, then they apply for additional dollars. They match those dollars, and it's kind of a process where they have to have local tax dollars in order to, to match the dollars that come out of the 911 system to, to do these upgrades. I mean these are \$200,000 and \$300,000 and \$400,000 chunks at a time that are a big deal. And so as, you know, these things occur, it's just been kind of a rolling process around the state of upgrades being made. And we're working with them every day, from the Commission's standpoint and from the advisory board's standpoint, to keep them moving forward.

FRIESEN: Have there been some consolidations already because of this?

BRIAN THOMPSON: Absolutely. There, the, and I'm, I would guess that there may be others who speak after me, but, but now we're getting to a system where we're gonna have in that area of around ten or so regions-- and that number changes every once in a while-- but around ten or so regions of 911 kind of system groups that are using similar softwares and hardwares so that they can interface with each other, they can spare equipment, they can use each other as a failover for calls and for-- if, if they would have a power outage in Scottsbluff,

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Nebraska, Alliance could pick up their calls or something along that line. So we, we have been working with them to get that kind of thing in place and-- but they have to have equipment that talks to each other and they have to have interconnection with each other to do that.

FRIESEN: So now we do see cities that have a backup system somewhere in the city. Down the road, if everybody switches over to this, that wouldn't be necessary. Right?

BRIAN THOMPSON: I'm not sure I understood what you were saying there.

FRIESEN: Well, I mean you can hand off your 911 system to someone else that's on the system, so you don't have to maintain a separate backup location.

BRIAN THOMPSON: Yes. It-- like Lincoln wouldn't have to have two sites. They could handoff to Beatrice and Beatrice could handoff to Lincoln. I mean that would be a good example, and Fremont to Omaha and those kind of things. So--

FRIESEN: Thank you, Mr. Thompson.

BRIAN THOMPSON: Yep.

FRIESEN: Any other questions from the committee? Seeing none, thank you for your testimony.

BRIAN THOMPSON: You bet.

FRIESEN: Welcome.

JOHN WYVILL: Mr. Chairman, members of the committee, my name is John Wyvill, J-o-h-n W-y-v as in Victor-i-l-l. I am the executive director of the Nebraska Commission for the Deaf and Hard of Hearing. You previously have a letter on file, on behalf of the Commission, in opposition to LB550. I just wanted to highlight three things. First of all is that we were unable to connect with the sponsor of this bill before the hearing, so we did not have a chance to talk to the sponsor about the bill. So we have opposition to the bill, but a couple points that we want to make aware of is that there are unintended consequences of cost in the proposed bill, as written. First of all, if you provide them with a tax saving, we understand, for example, landlines will have an increased cost, and that's what would be made up-- the revenue to pay for the relay service in the thing, so there's

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unintended consequences there. Second for us, the human cost in the delay of implementation of text-to-911. You've heard the testimony of individuals that may be adversely impacted by the delay in implementation-- make members of the committee aware of that. And then third, draw your attention to the fiscal note that can articulate the concern, far better than we can, about that. We recognize that you have to look at the big picture and the various competing balances. But we just wanted to highlight, on behalf of the deaf and hard of hearing community, what some of the unintended consequences may have been, and the sponsor and the others of the bill would have no idea that it would had that impact. And that's all I have, Mr. Chairman.

FRIESEN: Thank you. Are there any questions from the committee? Seeing none, thank you for your testimony.

JOHN WYVILL: Thank you.

FRIESEN: Any others who wish to testify in opposition to LB550?

SEAN KELLEY: Good afternoon, Chairman Friesen and members of the Transportation and Telecommunications Committee. My name is Sean Kelley, S-e-a-n K-e-l-l-e-y, appearing today on behalf of the Douglas County Board of Commissioners. As mentioned earlier in testimony, state law has a unique statutory limitation on fees Douglas County may charge in comparison with the rest of the state. While this section of law is not specifically impacted by LB550, Douglas County is opposed to the premise of decreasing 911 service dollars. With that, I'm happy to answer any questions you may have.

FRIESEN: Thank you, Mr. Kelly. Any questions from the committee? Seeing none--

SEAN KELLEY: Thank you.

FRIESEN: Thank you.

LARRY DIX: Good afternoon, Senator Friesen. Members of the committee, my name is Larry Dix, L-a-r-r-y D-i-x. I'm executive director of the Nebraska Association of County Officials, appearing today in opposition to LB550. As I sit here and listened to this debate, it sort of brings back some memories of the past few years that we've been working on the enhanced-911 and trying to get to Next Gen 911. And so I talked to Senator Vargas earlier this year, this session, and certainly appreciated that conversation. And so when NACO looks at

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this-- I mean this bill-- we're specifically looking at the enhanced-911, the money that's set aside for Next Generation. As many of you know that have been on the Transportation Committee over the years, NACO has been very, very involved in that. Traditionally, most of the PSAPs are located in county facilities. Some of them are located in cities. And so, you know, NACO was instrumental in working together with the committee. And as Senator DeBoer started to ask some of these questions, it's almost like well, I wish I would've brought my report because it has some of those answers in there. But you know, one of the things I guess I want to impress-- a couple of things I want to impress on the committee. One of the things-- right now the amount of money from the 45-cent surcharge that's coming in, for the most part it's coming in and it's going back to the PSAPs right now. I mean, if we're, if we're collecting, you know, \$8 million, or somewhere in that area now, my guess is, if memory serves me, probably \$7 million are going back to the PSAPs to start to have them, start to get the software implemented. We've had some of our PSAPs, some of our counties go together and start to develop the regions. And so, as they can tap in to any surplus from that 911, that, that 45 cents, they, they draw down a little bit of that surplus so they can start to upgrade equipment and start to regionalize and put the regions together. So today, what's, what's coming in almost is going back out. Now once we get to the point where we actually really start to implement Next Gen 911, I think, if memory serves me correct, you know, people today have been saying we have about \$14 million in there. And I think that's probably right, if I remember serving on that committee. That doesn't surprise me. I think that's the number we were hoping to get to because I think, once we really start rolling this out, we're gonna draw that thing down by, by \$8 million very, very rapidly. And then we've still got to pay the existing PSAPs. So if you add those two together, we're, we're pretty much going to draw that thing down to practically nothing. And Senator DeBoer, I, I mean I love your questions. I just wish you had had the opportunity to be around last year when we were having the conversation. So, you know, I'll do whatever I can to get, you know, some of the copies of the reports and, and work with the folks at Public Service Commission to also get those reports. But I think those numbers are going to sort of bear themselves out in that report. But I think they're excellent, excellent questions. And of course, when I come at it from the folks that I represent-- the county sheriffs and the folks that handle a majority of the PSAPs, this number doesn't surprise us; we do believe that will be drawn down. And I think, also, as that committee met, one of the things is once it's implemented, once text-to-911 and Next Gen

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911 is implemented, the idea is then to go back and look and see what, what does it take to continually fund that system? And is it the right fee at that point in time? So Senator Vargas' questions, I don't think they're out of line or anything. I think they might be a few years early in the process. And a few years from now, I think it's a very legitimate thing that we ask that. But with that, at this point in time, due to the detrimental effect that it would have on our counties and the fact that if we would remove these and we had to start implementing that software, we believe that costs would roll into a property tax dollar. And, and we all know what everybody is talking about-- property tax dollars and property tax increases. So we believe this is the right way to go at this point in time. With that, I'd be happy to try to answer any questions anybody has.

FRIESEN: Thank you, Mr. Dix. Any questions from the committee? Seeing none--

LARRY DIX: Thank you.

FRIESEN: Thank you.

LASH CHAFFIN: Good afternoon. My name is Lash, L-a-s-h Chaffin, C-h-a-f-f-i-n. I'm a staff member at the League of Nebraska Municipalities, and I'd like to offer our opposition to LB550 today. Cities and villages are touched by all of the financial elements of the bill in some way. The relay system is something that has become instrumental in providing public services. The League has been very involved in the implementation of the Next Gen 911 system and very grateful to this committee for, for the leadership that it's taken over the last three or four years on that issue. And thirdly, the, we're, we're affected by the occupation taxes. And what, one thing I do want to emphasize is, is that both with E-911 and now Next Gen, the state is not the sole funder of these operations. The city general fund, county general fund dollars go into public safety. They go into all of the elements of, of the, of what, what 911 provides. And this is, this comes from property taxes. This comes from occupation taxes. It comes from sales taxes. It comes from the General Fund. So it's all, all-- all of this works together. And with respect to the, the occupation taxes, you know again, I find it a little odd that this is being characterized as a new tax. Most telecommunication occupation taxes have been around for decades. And you know this is, and, you know, ten years, a decade or so ago, there were efforts to change, to amend them to include new forms of telecommunications that people at the time didn't really understand that have become a big-- fits in my

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pocket right now. So I, but so this is something, this has been in the General Fund for, for a long time. And you know, you can't really track a dollar, but this is money that's being spent on public safety. This is money that's being spent already. It's not a new-- it's not a new tax that's going to some new project. And you know, so any reduction in these taxes would, in fact, result in either a property tax increase or some, some form of service that was going to go away. And, and I guess that begs the question-- I, I, LB550 seems to be speaking prospectively, so that's probably the more relevant question. And I think there's, the question is, is this something cities are clamoring to do? Quite frankly, I don't see it. You know, we have, we have conversations at, at League meetings where all, where city, city and village officials meet and they talk about stuff. And interestingly, what they are talking about is consolidation and cooperation of PSAPs. That, that's a big conversation. You, you can't get, you can't walk through the hallway without some conversation about consolidation; that's being talked about constantly. But it's been years since I've heard somebody discuss occupation taxes on telecommunications. I just don't think people are clamoring to do this. And also, if something is a hot issue that's kind of popping up all across the country, you know, you see it. Speakers are wanting to come to our meetings to talk about it, you know, financial experts, people like that. People are not, people are not calling us saying, we want to be on your agenda to speak about this issue. You know, and I, to the extent possible I flip through other magazines from other state leagues. This really isn't an issue. So I wonder if, if in fact, this might be a solution looking for problem. People aren't talking about it, you know, and there's probably isolated instances I'm unaware of. But it's just not something that, that is in the current dialogue going on within municipal government. But, but, but again, I appreciate the work this committee has done on the Next-- it's hard to say Next Gen 911 system; it doesn't roll off the tongue well. But it's, it's gonna be an important part of our state. I would certainly answer any questions.

FRIESEN: Thank you, Mr. Chaffin. Any questions from the committee?
Mr., Senator Hilgers.

HILGERS: Thank you, Mr. Chairman. Thank you for testimony; thank you for being here. Just to clarify, it was your statement that you don't, you don't see a lot of chatter or banter or conversation about it. Is

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that within municipal leagues of municipalities, or are you talking about from actual wireless customers or you don't hear much about?

LASH CHAFFIN: Yeah, it's from, it's from state leagues; it's from municipal officials.

HILGERS: OK, that's what I thought, but I wanted to--

LASH CHAFFIN: That's a good question. Yes.

HILGERS: I want to make the record clear.

LASH CHAFFIN: I suspect the answer might be different if, for wireless customers. But you know, you talk to my 14-year-old kid; he probably has a different answer, but--

HILGERS: Thank you.

FRIESEN: Thank you, Senator Hilgers. Any other questions from the committee? Seeing none, thank you for your testimony. Welcome.

JACK CHELOHA: Good afternoon, Senator Friesen and members of the committee. My name is Jack Cheloha. That's J-a-c-k; the last name's spelled C-h-e-l-o-h-a. I'm a lobbyist for the city of Omaha, and I want to testify in opposition to LB550 this afternoon. First of all, as Lash in front of me stated, there's all elements of the bill that affect us. And I want to tell you a little bit why in Omaha, Douglas County, we have a combined 911 center. It was merged back in the mid-1990s and, roughly, we divide the cost of that 911 service, based on a per capita amount. So roughly, the city pays, oh, 80 percent or so of the operating costs, and the county is, roughly, about 20 percent. With that, as this committee is well aware, there's been tech, technology advances and new demands on 911. And so we need to be current and we have to have a way to pay for those. Under, under the landline formula, Douglas County was limited to 50 per, 50 cents per landline, and that was never enough to pay for the actual merge service that we have in Douglas County. This committee has looked at, you know, that bill and the limitation on Douglas County a few times in terms of raising it to go to what the rest of the state could have up to \$1.00. And as you know, landlines are diminishing now 'cause a lot of families simply don't have them anymore. And then, now that we're in the new era of 911, of course we have to pay for the new upgrades. We've made some applications for grant under the state's program, but then on the back end, as these calls come in, who did the

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people need service from? They need service from fire protection, they need service for ambulances, police, etcetera. And that's typically provided by the municipality or, in our case, absolutely it's provided. In fact, we have agreements with our fire service where we do mutual aid and go outside the city limits. So I wanted to let you know about that. And then in terms of the occupation tax, I wanted to talk a little bit-- general philosophies of government. Occupation taxes are put on telephone providers and they go into our state's--ah, I'm sorry-- our city's general fund. And we are at 6.25 percent. Of course through the General Fund, that pays for not only our bills for the 911 center itself, but for those very same police, fire, and ambulance services that I was talking about. I think we need to trust our local officials. They're the ones who take the heat when it comes to putting numbers down and having occupation taxes and fees, etcetera. Every time, if we demand an election, elections have cost. And I just don't think that's the way our representative democracy is set up to operate. And, and we would be opposed, obviously, for a vote of the people on occupation taxes. But if you let me drill a little further, a little deeper, previous Legislatures have addressed occupation taxes in Nebraska. Roughly a decade ago, there was a limitation put on the maximum amounts that cities can have. And Omaha's 6.25 percent was put in state statute as the maximum amount. Additionally, any new occupation taxes that would bring in a certain dollar amount would require a vote of the people. So there's already spots in state law that do require certain restrictions. So we don't think this would be beneficial at this time. And we would see the way the bill is written, it would be an immediate hole in our budget because, if this bill passed and became effective immediately, we would lose our occupation taxes immediately unless you could have that vote of the people. And, and we run on a calendar-year budget. Of course if it's take it away or limited, guess where that puts the pressure again? It goes back to property tax. And from what I've heard this session and other sessions, property taxes are a high priority and we don't want to go there. So for those various reasons, I think I've covered everything I wanted to say-- why would we would be opposed to the bill. And I'll try to answer any questions.

FRIESEN: Thank you, Mr. Cheloha. Any other questions from the committee? Seeing none--

JACK CHELOHA: Thank you.

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FRIESEN: --thank you for your testimony. Any others who wish to testify in opposition? Seeing none, anyone wish to testify in a neutral capacity? Seeing none, Senator Vargas, you wish to close?

VARGAS: Members of the committee, OK. So there is a-- one, I want to thank everybody that testified. I think this is, it's actually the conversation I wanted to have. I want to start by thanking the individuals that testified in opposition for the deaf and hard of hearing. I said this in the beginning. You're not going to see me say that there's not a service or need that's being provided by either taxes or surcharges or however we define it. I think there's a need. But saying that there isn't a need for utilizing some of these revenue at states or local municipalities-- I'm not saying that there's not a need at the state level either. What I'm saying is the hard conversation we've been having lately is, how do we reduce some of the burden on consumers? If we go back to the top line of we have a 25.5 percent effective tax rate-- top four in the country, looking at all the fees on top of one another. And we compare ourselves because that's what we do. We're making the very hard conversations on what we're doing here. I want us to look at if we have one of the largest effective tax rates for cell phone services, and relative to other states that have lower, how are we not able to then have some of these services that are available in other states and afford them? I know this isn't an easy conversation to have, and I'll be the first one to say it is hard for me when I've been on Appropriations and we have less money to spend with, and then when we have to make very large cuts or prioritizations for funding sources for agencies and different groups. And we do our best because we have to. And the hard conversation I'm putting in front of everybody here is if we have this large effective tax rate on wireless and prepaid wireless services in the country, and we can't afford some of the same services of other states, then what are we doing? Do we need to look further at how we're spending our resources to then be a little bit more nimble and more collaborative about some of the funding sources and how we're utilizing them? Maybe that's one of the things that we should be asking ourselves because, if we're this high and we need more money and we're not yet at the limit, I think we've, what we've seen is we are spending even the 45 cents in one of these examples. If we continue to go higher, we're going to continue to spend more. Now here in Legislature, you know this-- and I, at least in the Appropriation, I am tasked with a finite amount of money. We have an idea that we think is right. We come forward and we're bringing the bill, and then we try to vote on the expenditure. And what I'm saying in this

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conversation is, at what point are we going to step back and try to evaluate whether or not a specific surcharge or tax is at the right level that it should be, or whether or not there's another avenue for, for a way to approve some specific priority. Every year we have agencies that come in front of us that have some level of requests. Sometimes those requests are spot on, which I really like, by the way. Sometimes they're not. They're, they're really sort of underselling themselves. And sometimes they have a surplus. And I'm going to tell you, the first thing that we do when they have a surplus, we ask why. What are you, you know, why do you have a surplus? Every single biennium we're trying to evaluate what are the different things that you're asking for. And usually they, they come with something that they're prepared to do over the next two years, and then we approve it. What I'm saying here is that we need to evaluate whether, when we have surpluses, is that the right pathway for policy that we want to go down, not whether or not something is a good idea or not. I want us to evaluate whether or not that's the pathway that we need to go down to then fund something. I think you also heard from people behind us that there are different components of what people oppose, which means it is a good conversation for us to have. I think we have the occupation tax conversation on whether or not things going into the General Fund, whether or not we should review it and consider that this may be an additional tax burden that we can control, because it was implemented by us. That's a good conversation for us to have. I think it's a great conversation for us to have on whether or not we are putting a surcharge on prepaid wireless services that tend to be more lower-income families and that may not have as much say or may not have the ability to come to some of these hearings or commissions to then voice their concerns that this is increasing on them. And for some individuals that are lower income and they're seeing the impact of this on their day-to-day lives, these are invisible things that they may not see. Now they may see it because we have to show it to them and we have to have transparency, but it does impact it. I don't think this is any different, in a lot of ways, to the conversations we have about property tax relief. I've talked with you as colleagues, and I'm all for having this conversation and trying to find a meaningful pathway forward. But the hard conversations we have about property tax relief are the same hard conversations we have about any relief. I think some of the individuals behind me, who I consider friends and colleagues, voiced that if we lower taxes here, then this is going to mean increasing property taxes over here. I know that that's not completely a causal relationship. Those are decisions that we make. We make it as individual lawmakers in the Legislature. I

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think that our independent individuals at the counties and municipalities and other different elected offices also make that decision. I don't want us to think that every single time we consider lowering our tax in one place that means that it's going to be over a line in another because, in my seat in Appropriations with the other members, we're thinking about what do we have to prioritize, where do we need to spend less or more. That's the conversation I want us to have. I'm more than happy to work on modifying parts of this because, if we don't work together as a body or different members of the committee, to try to figure out a pathway forward so that consumers, people, Nebraskans are getting somehow a little bit more relief and specifically, something as regressive this, we're going to continue to then miss the mark; and I don't want to. So I don't want to say that anything that we've been talking about, the services we're providing are not worthwhile. I think there were some great questions asked, that Senator Bostelman some questions about the 911 fund and specifically how we can then be a little bit more innovative and, and pushing the text-to-911, which could potentially save us money in the long, long run. But if we don't have these conversations, we may not make some of the legislative changes to then push some of these, you know, reductions in fees or surcharges that are hard. But I can tell you, as somebody sitting in my seat in Appropriations, we are forced to make that conversation and decision every two years. And we don't have the benefits of being able to say whether or not we raise or lower a surcharge. We prioritize. We have the ability to do something here which is have a really, a step forward in a specific tax that does impact all of our districts. So I ask you to consider a way and a pathway forward, to look at these individual components, the four different bigger pieces, and figure out which ones can work and can't, to what extent can we modify it so that it'll be a little easier for consumers. Because if we do that, then I think we're going to have a pathway forward. And I know that there were not confined to just this. This is not just to, just taxes on cell phone or wireless providers. This is taxes in every single way, shape, or form. So I just, I wanted that to be said because I know these are hard conversations to have. And I will be the first to tell you that every service that I think exists is worthwhile. Over the next three weeks I'm going to have probably-- I can't even tell you how many people testifying that they want to fund something that is a great idea. I don't doubt it's a great idea. The conversation that we have in front of us is whether or not we can afford it. That is the hard conversation that we're about to have, as the entire body, over the next couple of months. And I just ask you to consider if this is a possibility, that we can make

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modifications so that we can lower cell phone taxes, then better provide some relief to Nebraskans. With that, I welcome any questions you may have.

FRIESEN: Thank you, Senator Vargas. Any questions from the committee? Senator Geist.

GEIST: Thank you. And actually, I appreciate your thinking and, and I share your thinking in many, many, many aspects. The thing that I've learned, being here for such a short time, is one thing that I find frustrating, and that is-- and I'll take the Next Gen 911 as an example, who-- they've diligently been saving over a long period of time because they see this big project coming. And they're not charging as much as they could, but they're doing with what they have, and saving and saving and saving, and hoping, now with a surplus, to be able to satisfy the project that's coming. And, and so the caution that I would have about that, especially the Next Gen 911, is penalizing those that are doing good stewardship. That's good planning, and that's the kind of thing, I think, as government people who hopefully haven't learned to think like government yet, we want to reward and not discourage. And so my concern with, with what you're saying is that I wouldn't want to penalize that fund because they've actually done very good work in having some foresight so that they can implement a program. Now on the back end of that, if it starts saving money, that's where we want-- I would be in full favor of looking at then waning down that charge, significantly hopefully. But, but to that end, that's, I guess that's just my caution. I'm sure there might be other places that what you're wanting to do would be workable. And, and so please don't take this as me saying I don't want to work with you or, or I don't think doing this in every portion of the budget is a good idea, because I do. And there are hard questions that need to be answered, but I do think when an agency has good forethought and vision, we need to respect that and not take that away.

VARGAS: Yes, and thank you very much.

GEIST: I guess it's more of a comment than a--

VARGAS: No, no, no. It's a great comment, and I don't want to react to it because I, I-- Senator Geist I appreciate your perspective with this, and I've-- I think about this, as well. And like yes, it is very good that they saved. It's very good that they were thinking ahead. I think a good question is whether or not that's the most appropriate way to move forward for something that-- if that was something five,

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six years ago that was publicly said we are now going to set aside and save this and then the public knew that-- I'm not saying that is or isn't what happened-- then I think that's a good thing, because we do that often. You know, people come to Appropriations and say: we're saving for this amount, this is what we're going to do, let us use some carryover funds. And then we say: OK, sure; we'll set aside that amount because you're trying to then, you know, work for an RFP for some technology upgrade that's you know \$2 million or a million or \$5 million. That's fine but, if over time, people are reserving things and then it might be not part of a bigger strategic priority-- this is not saying this is or isn't. I just want to make sure we're having the conversation, because it is easy for any agency or individuals to then save and put aside things. We also want to make sure that it's coming up and people get an opportunity to then say whether or not that is or is not the best avenue. But you make a good point that, on the back end, are we then going to reevaluate some of those cost savings and then figure out what we don't need? I think Senator Bostelman asked that, too. I hope we do but, if we don't, then we'll end up spending potentially more because we may not reduce overreliance on some maybe outdated things that we, we may or may not be spending money on, so--

GEIST: You're talking like a conservative [LAUGHTER].

FRIESEN: Thank you, Senator Geist. Any other questions from the committee? So when I, when I go through your, the list of things on a cell phone-- taxes, I mean I look at that occupational tax at 6.25 percent.

VARGAS: Um-hum.

FRIESEN: As far as it having the biggest bang for the buck on a consumer, that seems to be the largest item, and I don't know what that amounts to for a city or, you know, dollarwise. But would you, would you be interested in an amendment that would eliminate the occupation tax?

VARGAS: I'm interested in working with the committee on an amendment that would work to reduce the burden on, on individuals for prepaid wireless and wireless services. So if that's one pathway forward, I'd be, you know, more than willing to work with the committee.

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FRIESEN: Do you have any idea where that would put us? If the occupation tax were not on a cell phone, would we be number three in the nation or whichever?

VARGAS: I will tell you it would reduce it, because not every state has an additional local occupation tax; it's not a standard.

FRIESEN: OK.

VARGAS: Yeah, or they work it in within some other tax that exists at the local level. So that is an additional piece.

FRIESEN: OK. I know the 911 system and, since it just got rolling last year basically, the enhanced-911, I know it's going to take more revenue. And I know at the time they were talking of even having to exceed 50 cents in order to implement it.

VARGAS: Um-hum.

FRIESEN: But again, they did foresee savings in the future, because I think there will be consolidation in those PSAPs, which is-- I think that's what I wanted to see, because right now we have too many of them. And I think they could do a better job if they would consolidate. With the technology we have today that's very possible, and I think there could be some savings down the road.

VARGAS: And I really hope we have those savings. Since we have term limits, I also hope that there are individuals-- I mean, we will not necessarily be here to see all the savings happen, and there's going to have to be legislators that come in and then learn about the history of these different components so that we are making sure we're reevaluating the savings. That's the other piece I want to make sure we do.

FRIESEN: OK. Thank you, Senator Vargas. Seeing no further questions, we do have some letters of support from the CTIA, U.S. Cellular; letters in opposition from United Cities of Sarpy County, city of Lincoln, South Central 911 and Nebraska 911 Managers, and the Buffalo County Office of the Sheriff. With that, we will close the hearing on LB550.

VARGAS: Thank you.

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FRIESEN: Thank you. Next we will open the hearing on LB641. Welcome, Senator McDonnell.

McDONNELL: Good afternoon, Senator Friesen, members of the committee. My name is Mike McDonnell, M-i-k-e M-c-D-o-n-n-e-l-l. I'm representing LD5, south Omaha. LB641 provides for a grant process to be administered by the Public Service Commission through the Telephone [SIC] Relay System Act, the statewide 211 Information and Referral help line. This grant will be funded by a surcharge on telephone lines. The funds will be used to return the 211 help line to 24-hours-a-day, 7-days-a-week service for outreach in the community and for the disaster response all over our great state. 211 is a free information and referral system, linking Nebraska residents to health and human services programs, community services, disaster services, and governmental programs. It is essential-- it is essentially a one-stop referral shop for any kind of nonemergency service that our constituents are looking for. It provides referrals in every legislative district in Nebraska. And last year they hand, handled over 42,000 calls and made over 55,000 referrals to just under 3,500 programs. The top referral categories are for utilities, housing, and food security. Many of the calls received by 211 can pull at your heartstrings. I've heard a recorded call from a man in Omaha who simply fell behind on some medical bills and needed some assistance for one month of his heating bill. I've also heard a call from a woman in rural Nebraska in a domestic violence situation that needed help in locating safe housing. 211 serves as a catalyst between people looking for help and those looking to help them. Approximately 90 percent of the money going, going towards helping these people is coming from the private sector. In 2010, the Public Service Commission gave authority to the United Way of the Midlands to operate the 211 number statewide. From 2010 to 2017, 211 was operating statewide on a 24-hours-a-day, 7-days-a-week basis. Because of financial constraints, they had to stop 24/7 service in 2017. For \$300,000 per year, this bill will provide help to the 211 operator to expand services back to 24/7. The funds will also be used to provide outreach and awareness of 211 throughout our state. We looked at cash funds under the Public Service Commission, since the commission authorizes operators of 211 and all N11 numbers. The Telephone [SIC] Relay System Fund makes sense because the Nebraska relay number is another N11 number. It is 711. Another reason we picked the Telephone [SIC] Relay System Fund is because it was currently only at 2 cents per month per line, and it had the authority to go to 20 cents per month per line. The highest it has been in the last 15 years is 7 cents per month per line, from 2004 to

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2006. Based upon the fiscal note, the surcharge would need to be raised to 2 cents to meet the needs of LB641, according to the Public Service Commission. After the introduction of LB641, we were contacted by John Wyvill, executive director of the Nebraska Commission for the Deaf and Hard of Hearing. He had concerns about changing the original intent of the Nebraska Telephone [SIC] Relay System Act. He was also concerned there was not a hold harmless clause for the relay system and the Nebraska Specialized Telecommunications Equipment Program, or NSTEP. The relay system is the phone service for the deaf and hard of hearing. NSTEP provides the financial assistance to aid in the purchasing of specialized telephone equipment. We worked with Mr. Wyvill on an amendment. He wanted a hold harmless clause, and we put that in the amendment. Specifically, the amendment, which you should have, all have a copy of, does the following. On lines 30-31 on page 2 of the amendment, there is language that makes sure 211 is listed on each subscriber's phone bill so people know how their money is being spent. It ensures people aren't confused that an increase in 211 funding is an increase in the relay system or NSTEP. On lines 13-18 of page 3 of the amendment, there is a language that puts a maximum of 5 cents for the needs of 211. This 5-cent ceiling is under the umbrella of the full 20-cent ceiling of the Telephone [SIC] Relay System Fund. Lines 16-18, on page 3 of the amendment, is the hold harmless clause for a relay system and NSTEP. As a hypothetical, let's say the surcharge for 211 is at 2 cents. The next year the surcharge for the relay system and NSTEP reaches 19 cents. At that point the surcharge for the 211 would fall to 1 cent. If the relay surcharge reaches 20 cents, the 211 surcharge would be eliminated. Because of these changes and our openness to compromise, the Public Service Commission is in support of LB641, and the Nebraska Commission for the Deaf and Hard of Hearing moved to a neutral position. The public dollars used in LB641 will be joined together with philanthropic dollars and the nonprofit industry at large to provide a great service to any Nebraska resident that chooses to dial or text 211 or go to their Web site. This will provide stability to the help line. When a veteran in your district calls 211 because bills piled up and they can't afford groceries for their families that week, someone will pick up and connect them to people willing to help. Right now 211 is vulnerable to downturns in Omaha's economy and changes in the philanthropic community. LB641 helps to ensure 211 will continue to be available throughout the entire state on a 24-hour, 7-days basis. When a senior citizen in our districts calls 211 because they get heat shutoff notice from their utility company, someone will answer their call and make sure their house stays warm in the winter. There'll be subject matter experts

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testifying after me. Public Service Commissioner and Chair Mary Ridder will be testifying for the Public Service Commission. Dr. Pam Schwalb, United Way of the Midlands chief operating officer, can answer any budget questions. Lindsay Paulsen, from the United Way, can answer any technical questions about 211. Steve [SIC] Kaniewski, chairman of the CEO at Valmont Industries, can answer questions about the effort, effect on, on his employees. Paul Johnson, director of the Douglas County Emergency Management Service [SIC], will testify in a neutral capacity and can answer any questions about 211's emergency response services. I would ask you to join the Public Service Commission in supporting LB641 for the benefit of all Nebraskans. This coming Thursday, February 28, I am hosting a 211 informational breakfast at the Lincoln Chamber of Commerce, followed by a 211 listening session in the Capitol. This will allow you to listen to a 211 call from a constituent in your district seeking help. I'm here to answer any of your questions, and I will be sticking around to close.

FRIESEN: Thank you, Senator McDonnell. Any questions from the committee? So I'll just, I'll, I'll pose one quickly. We just got done hearing a bill that cut cell phone taxes because they're too high. And so I know you're on the Appropriations Committee, and I've asked you this before, but is there any way that you can go through a different appropriations process for things like this? Not that I feel that the Appropriations [INAUDIBLE] have access to money or anything, but-- we're a little short right now-- but is, is, would there be a different process to appropriate funds to start a program like this?

McDONNELL: Well, Senator Friesen, I wish you would have put me in a different order instead of right behind Senator Vargas' bill. Here's what we're-- to answer your question, we all know that February 28, there's going to be a fiscal forecast, and some people are saying there's potentially going to be a \$100 million-plus problem. Two years ago we had a \$1 billion problem with the budget, \$1 billion; that's what we had to overcome. Last year it was approximately \$173 million. What we're trying to do with this fund, and not look at General Funds for that reason this year, and not saying that we would not look at General Funds in the future; we definitely could. But if you look at what's going on with the telephone, the telecommunication relay program, and what the Public Service Commission has the ability to do, and what they did in 2010, they said the 211, they said our 211 program, which they are in charge of all the N11 programs, they said we're going to go ahead and let the United Way of the Midlands take care of that and be in charge of it for the whole state. And from 2010

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to 2017, things were going well; 2017, we have issues with the budget. People in the state are giving. And think about this, we have 90 percent of the people out there that are giving-- and this money is coming from their pockets-- to people that they don't know that they want to help. The 211 is that conduit to make sure we reach those people. So now you're looking at the Public Service Commission, and tomorrow they could say because of the telecommunication relay program, there's, they can go up to 20 cents. They are supporting this bill. They're at 2 cents. The highest they ever, they ever hit was 7 cents. So right now, if we had 2 cents, based on their ability to stay within that fund, that Program 064 under the Public Service Commission's agency, we are looking at still well below the 7 cents, which it was at the height. But also, because of people like, like John coming to us, and people from the Public Service Commission, and saying, hey, we want to make sure we're held harmless here, what if they needed, what if the telecommunication relay program really needs us? At that point, the 211 program falls off; we stop. If we're taking 2 cents-- and right now they're at their 2 cents-- but overnight, the next year they're up to 18-19 cents. At that point, if they're at 19 cents, we're at 1 cent. If they're at 20 cents, we go away. But this is a cash fund. And, Senator Friesen, I wish I could say what's going to happen in Appropriations; I don't know. And I know you've been extremely helpful with ideas of, of trying to come up with different ways to, to fund this because I believe we all agree that there's people out there that, that need help, and we know there's generous people in this state that want to help them. And there's going to be people testifying behind me. And the idea of-- in the metropolitan area tonight, in the Omaha area, we'll have over 1,000 people sleeping on the streets tonight, and a third of them will be kids. As a firefighter-- and police officers-- we were given the 211 cards to hand out. So I had some personal experience with it. You'd go into a home that an elderly person-- a neighbor was concerned about a family member-- and there's no immediate health concern. But when you start looking around and you find out, well, they've had their heat turned off now for how many days, you would hand them the 211 card and say, please call. There's people, through the United Way of the Midlands, that are running that program that are gonna help you; and they do. So we have, we have an opportunity here and, based on again 90-plus percent of the money coming from the private sector, we, as a government, I think there's times where we should plow the way and some times where we should stay out of the way. But I think this is one time that we should find a way to plow the way and make sure that this, this is operating 24/7 and people should know about it. People

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should know. People should react and children like they react to 911. And based on my experience with firefighting, the, the history of 911 and all the growing pains that they went through with 911, people that they used to call it, you know, 9-11 and people would panic. They'd be looking for an 11 on the phone. The idea of the whole country getting on to the 911 and educating kids in school, that's what I'd like to see done with 211, because there's kids sitting in those school rooms that their families are dealing with this. And if we knew they could go home and educate their parents that the 211 works and there's help out there, this can make a difference in someone's life. This can save a life. And we're talking about \$300,000 through a cash fund.

FRIESEN: That was a really long answer to a short--

McDONNELL: Did I take the long way around the barn for you on that one [LAUGHTER]?

FRIESEN: It's true. I did not know 211 existed until you came to talk to me about it. So people don't know it's there. I get it. Any other questions from the committee? Senator Bostelman.

BOSTELMAN: Thank you. Thank you, Chairman Friesen-- excuse me-- and Senator McDonnell, for bringing this. Simple question-- could we get copies of budgets, costs over the last 5-10 years so we understand? I mean you're asking for funds. I think it's prudent that we kind of see where, where the funds have, how they've come in and how they've been used.

McDONNELL: Dr. Pam Schwalb will be here to testify, and she'll also be able to provide that for you, maybe not immediately today, but you'll have it within 24 hours.

BOSTELMAN: Thank you.

FRIESEN: Thank you, Senator Bostelman. Senator Albrecht.

ALBRECHT: Thank you, Chairman Friesen. And thank you for bringing this bill, Senator McDonnell. Can you tell me-- not only do we need to understand what the budget has been in the past, but where exactly are these 211 facilities operated out of?

McDONNELL: So right now, in 2010 the Public Service Commission said we are going to give the 211 responsibility to the United Way of the Midlands in Omaha, for the whole state of Nebraska-- east, west, north, south. So right now it's being run out of the United Way of the

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Midlands in Omaha for the whole state of Nebraska, the 211 system, through the Public Service Commission. So with this, what I'm introducing in LB641 is the ability to have a grant. So the Public Service Commission would say I think the United Way of the Midlands is doing a great job, which they're ranked, I believe, 7th out of 1,200 in the country. But they're, they're following the parameters that we've set as the Public Service Commission. They're going to continue to run our 211 program. They would be eligible for the grant then, so the Public Service Commission then would grant them potentially \$300,000 a year to make sure that the, the 211 is running 24/7 and people are being educated about it.

ALBRECHT: OK. So at this point are they getting any money from, from 211, from, from the PSC at all?

McDONNELL: No.

ALBRECHT: So it's completely United of the--

McDONNELL: United Way of the Midlands is--

ALBRECHT: United Way of the Midlands.

McDONNELL: --yes, funding it through their, their fundraising efforts.

ALBRECHT: OK. So that's a-- a private company is running 211 right now, and they're asking the state for a grant. Will they pay this grant back? Or are they going to just--

McDONNELL: No, they will not pay it back. The, the Public Service Commission is in charge of saying who will be in charge of the 211. At this point they've said, we're going to give that responsibility to the United Way of the Midlands. They could change that in the future and say we're going to give it to someone else. So they have the authority through the Public Service Commission that has been elected by the people. The grant then would be administered through the Public Service Commission to the United Way of the Midlands. Tomorrow or in the future it's possibly somebody else who is running the 211 program.

ALBRECHT: And before 2010, who ran the 11 [SIC] system?

McDONNELL: We did not have a statewide program. Prior to that--

ALBRECHT: We did, we did it with the counties, I remember, back then.

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McDONNELL: It was different, yeah. There was not a statewide umbrella. What they did, what the Public Service Commission said, OK, we're gonna have someone run it for the whole state-- east, west, north, south. And they did that in 2010, and they chose the United Way of the Midlands.

ALBRECHT: Thank you.

FRIESEN: Thank you, Senator Albrecht. Any other questions from the committee? Seeing none, thank you. And we'll stick around for the close?

McDONNELL: I'll be back for closing.

FRIESEN: Proponents who wish to testify on LB641. Welcome.

MARY RIDDER: Thank you. Good afternoon, Chairman Friesen and members of the Transportation and Telecom Committee. My name is Mary Ridder, M-a-r-y R-i-d-d-e-r. I represent the 5th District and am the current chair of the Nebraska Public Service Commission, and I'm here today to testify in support of LB46-- LB641. The Commission believes that the 211 information and referral system is a valuable service for consumers seeking to obtain assistance with a broad range of needs, such as: family crisis, lack of food, shelter, childcare, domestic violence, long-term care, or persons with disabilities. In 2002, the Commission worked with the United Way of the Midlands to designate 211 in Douglas and Sarpy Counties, and eventually the Commission approved the designation of 211 for information and referral, referral services, services statewide. While we support the goals of LB641 to provide a stable funding source for this program, we also recommended and spoke with Senator McDonnell's office, recommended that the bill require the surcharge be clearly labeled so that consumers know that that surcharge is for both the TRS and for this program so it would be transparent. Again, I thank Senator McDonnell for his work on the bill and the committee for its time and attention this afternoon. Happy to try and answer any questions you may have.

FRIESEN: Thank you, Commissioner Ridder. Any questions from the committee? Senator Bostelman.

BOSTELMAN: Thank you, Chairman Friesen. Thank you, Chairman-- Commissioner Ridder, for being here. Could you give us a little bit of

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a historical perspective as to when this started, what that agreement was between, and do you know, between the PSC and--

MARY RIDDER: I cannot. I'm too new to the Commission to be able to give historically. I just know that in 2002 we began working with those two counties. And I think it was 2010 where we gave statewide.

BOSTELMAN: Would there would be a-- historical documents, do you think, perhaps? [INAUDIBLE].

MARY RIDDER: I believe we could find information for you and get it to you, yes.

BOSTELMAN: And the other question I have is, instead of this area-- looking at my cell phone bill, I pay almost as much in surcharges and fees as what my service is, quite frankly. It's \$40--some for my service and I pay \$30 in fees and other things that come about. So are there, is there some other place within those fees, that exist currently, that this funding might be able to come from that you, that, that, that-- so we don't add on another cost to our customers, to the citizens of the state?

MARY RIDDER: Well, I don't, I don't really speak on behalf of 211, but I would say, just like the earlier conversation from Appropriations, if you're going to pay for something, you've got to find a place somewhere. It doesn't matter what you label it; you're still paying for it.

BOSTELMAN: OK, thank you.

FRIESEN: Thank you, Senator Bostelman. Any other questions from the committee? Seeing none, thank you. Other proponents? Welcome.

PAMELA SCHWALB: Thank you. Good afternoon, Chairman Friesen and members of the Transportation and Telecommunications Committee. My name is Pamela, P-a-m-e-l-a Schwalb, S-c-h-w-a-l-b. I'm the chief operating officer for United Way of the Midlands. And in this role, I have the privilege of overseeing the 211 help line. I'm grateful for the opportunity to speak with you today, on behalf of the senior management team, in support of LB641 and its importance to the most vulnerable of our neighbors in Nebraska. You've received many letters of support for this legislation, as you will see in the packets that are being distributed now, as well as a letter signed by each member of the board of directors at United Way of the Midlands. For those of

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you not familiar with the Nebraska 211 help line, let me first provide you with some background. The Public Service Commission designated the telephone number 211 to United Way of the Midlands in 2002. That was for two counties in the state of Nebraska. I'm going to try to answer the questions that came up before. It took us until 2010 to get every county in Nebraska, and its letters of support were written to the PSC. And over time, like I said, ending in 2010, we then covered the entire state. This toll-free service is the most comprehensive source of local human and social services information in the state. It's available to all Nebraska citizens, providing completely confidential assistance in every single legislative district. It is free for the caller and provides links to over 3,500 health and human service programs via phone, text, and our Web site. Assistance from a live, highly-trained service professional is available in many languages and is accessible to people with disabilities. Half of our staff are fluent in Spanish, and all have access to another 150 languages via a language translation subscription. Some statistics that speak to community impact and, as you heard some of these from Senator McDonnell, we responded to over 42,000 calls and texts from Nebraskans, many from the legislative districts that this committee represents. We provided Nebraskans with 55,000 referrals. In the most recent satisfaction survey of callers, 92 percent said they would recommend 211 to family and friends. There are approximately 250 help lines like ours in the United States, with Nebraska ranked in the top 25, the top 10 percent for quality and service. Top referral categories are consistently for rent and utility payment assistance, shelter, and food supports. However, other caller assistance has been provided for those in crisis, including victims of human trafficking, veterans, and most recently, those impacted by the government shutdown. The calls may be from those looking for access to healthcare providers, addiction prevention and rehabilitation programs, employment and education opportunities, reentry assistance, support groups for individuals with mental illnesses or special needs, or a safe, confidential path out of physical and/or emotional domestic abuse. Ninety-four percent of the U.S. population has access to a 211 help line, with 40 states, including Nebraska, maintaining 100 percent state coverage. So why are we here today? Nebraska 211 needs state support to ensure it remains a sustainable and accessible resource for all Nebraskans. The Nebraska 211 help line is primarily funded by donors in the Omaha metropolitan area, where United Way of the Midlands fund-raises. Reliance on Omaha area philanthropy makes statewide service vulnerable to changes in Omaha fund-raising. For example, in 2017, as a result of a decrease in local contributions,

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211 hours and staffing were reduced by 30 percent, cutting out live operator services during evenings and weekends. Support for LB641 would mean sustaining the infrastructure of the 211 community resource help line, safeguarding a vital statewide service, as well as reinstating 24 by 7 service and positioning it for response during disaster emergencies. It's common for states to support 211. Forty percent of all such help lines in the U.S. receive some state funding, including: Wisconsin, Indiana, Texas, and Idaho, and 61 percent receive funding from local, city, and county government. This investment creates a public-private partnership, marrying public dollars to ensure statewide access with the generous private dollars that United Ways fund-raise from Nebraskans. You need to know that 211 is committed to being the first, most essential resource to anyone who needs help. We help tens of thousands of Nebraskans every year overcome barriers and address challenges every day, and we want to safeguard that service. Thank you for your valuable time and attention. Thank you for the service you provide to the citizens of Nebraska. And thank you for the opportunity to speak with you this afternoon. I'm happy to answer questions at this time.

FRIESEN: Thank you. Thank you, Dr. Schwalb. Any questions? Senator Albrecht.

ALBRECHT: Thank you, Chairman Friesen. Can you speak to the Web page? And is it on the Health and Human Service Web site here for the state that you would be putting information out on? Or do you currently put information out on the Web site for 211?

MARY RIDDER: We do not. We have a, we are in partnership with Iowa. So there is a Web site on the Nebraska-Iowa 211, and then we have a Web site at university-- university-- United Way of the Midlands. To the extent that we support every United Way in the state of Nebraska, they also have the opportunity to share that information on their local Web sites.

ALBRECHT: OK. So within LB641 on page 4, line 28, it says that the grant will be used to establish a Web site, which includes links to providers of the health and human services, the name, address, and telephone number of any organization listed on the Web site. So I was wondering, is, is that--

PAMELA SCHWALB: If it would be to maintain. I'm sorry. It would be to maintain. We-- and as I mentioned, we share with Iowa. It's a Nebraska-Iowa 211 Web site. We have talked about Nebraska only but

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again, with our funds cut back, it's better to share with our neighboring state.

ALBRECHT: And we're asking for \$300,000. Like is it this year and then you'll come back and ask for more later? Or are you, I mean I guess-- until I know what your budget is and I see that on paper, I won't, I wouldn't be able to understand if--

PAMELA SCHWALB: Sure.

ALBRECHT: --that's something we should be doing this year. And are we going to be asking for more from the 211 services in the future?

PAMELA SCHWALB: Sure. In the-- before the reduction in 2017, the budget for 211 was slightly over \$600,000. When we made the cuts in 2017, we no longer ran a 24/7 operation so we discontinued evening hours and Sundays. We do operate Saturday until 5:00 p.m. So to bring us back up to 24/7, we would need an increase, as well as we use our fund-raiser dollars for outreach in the Nebraska area. So we have worked closely with first responders. We have gone out to the police department, the fire stations, given a brief overview of what we do, handed first responders cards. We have recently partnered with Methodist Health Systems and Nebraska Medicine. As they see people in poverty or people with needs, they understand the health aspect and so-- part of that go-home package to some of those, for some of the nurse advocates, to some of the clinics. Again, we've educated them on the work we do, so we are working on outreach. We have partnered with some of the television and cable companies in the Omaha area. They've provided some in-kind gifts to run public service announcements. We've worked very hard for outreach in our area because there are people who don't know of us. We would also use additional funding to assist the United Ways outstate with similar outreach.

ALBRECHT: Thank you.

FRIESEN: Thank you, Senator Albrecht. Any other questions from the committee? Senator Bostelman.

BOSTELMAN: Thank you, Chairman Friesen. Thank you for coming and testifying today. Do you happen to have a chartered-out, when calls come in, high use, those type of things? If we could have that, that'd be helpful.

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PAMELA SCHWALB: Absolutely. I should mention that in 2015, 2016, the executive committee of our board of directors asked to convene a task force to look at 211. And the charge was to determine what is the optimal funding for 211, who should own it, and where should the management lie. We had representatives on this task force from First National Bank of Omaha, Kiewit Corporation, Boys Town, Heartland Family Services, Douglas County Emergency Management, Heartland United Way of Grand Island, Physicians Mutual, and United Way of Lincoln and Lancaster County. That group met from November of 2016 to February of 2017, and their recommendations back to the board were to keep management with United Way of the Midlands, that the service was not redundant and was still needed. We were to reduce costs via operational efficiencies but enhance the service provided, build awareness and education, and pursue additional funding. So that's what we did. We took a hit on the money and we found ways to do more work.

BOSTELMAN: Right.

PAMELA SCHWALB: So it was a very studied effort into what we should cut back to. We continue to look for grants from corporations. We are looking at grants with the Department of Justice and the work they're going to be doing in Nebraska. We're not just saying we don't have enough money-- taxpayers, telephone users, please give us some. We've kind of exhausted what we can do in that regard to continue to provide the service. One of the questions the task force entertained is, since the money is raised and funded in the Omaha area, should we pull the 211 phone numbers, which the FCC has the ability to do, from all other areas? And the task force at that time said it made no sense to do that. As long as we can fund everyone in the state of Nebraska, and we understand fund-raising in some parts is even more challenging, we need to try to do that, even if that's at the expense of evening hours, weekend hours. Did that help? Or did I say a whole lot of talking and not answer your question?

BOSTELMAN: No. My specific question was, was, could you provide us with--

PAMELA SCHWALB: Yes.

BOSTELMAN: --a list of when those calls come in?

PAMELA SCHWALB: Absolutely.

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BOSTELMAN: Day of week, weekend, time-of-day type thing--

PAMELA SCHWALB: Yep.

BOSTELMAN: That would be very helpful.

PAMELA SCHWALB: And that's how we determine the--

BOSTELMAN: And I assume--

PAMELA SCHWALB: --which hours to cut.

BOSTELMAN: --you've done that.

PAMELA SCHWALB: But yes, I have all that information.

BOSTELMAN: I mean--

PAMELA SCHWALB: I can get it for you.

BOSTELMAN: --it's helpful for us. Thank you.

PAMELA SCHWALB: Uh-huh.

FRIESEN: Thank you, Senator Bostelman. Any other questions from the committee? Seeing none, thank you for your testimony.

PAMELA SCHWALB: Thank you.

FRIESEN: Welcome.

LINDSAY PAULSEN: Thank you. Good afternoon, Senator Friesen and members of the committee. My name is Lindsay Paulsen, L-i-n-d-s-a-y P-a-u-l-s-e-n. I've been the data resources manager at 211 for 14 years, and I really appreciate the opportunity to come before you today in support of LB641. Being distributed to you now is an overview of the types of calls that we've received in 2018. This information can be pulled off of our Web site on the "2-1-1 Counts" tab and it can be viewed by legislative district all the way down to the ZIP code level or clear up to the state level. I'm simply here to ensure you understand the operations of 211 and answer any technical or data questions that you might have.

FRIESEN: Thank you, Ms. Paulsen. Any questions? Senator Albrecht.

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ALBRECHT: Thank you, Chairman Friesen. And thank you for being here today, Ms. Paulsen. OK, so the United Way sponsors this program.

LINDSAY PAULSEN: Um-hum.

ALBRECHT: And so if you have a utility company, and it looks like you have quite a few calls on utilities, do the utility companies themselves-- don't they ask us on our bills if we'd like to pay more so that we could take care of folks that are out there that might need to have some services covered?

LINDSAY PAULSEN: Um-hum.

ALBRECHT: Do you tap into those dollars? Or do you have your own-- how does it, how do you pay for those folks that you--

LINDSAY PAULSEN: Right. So, so it's two separate things. Utility companies often will have their own fund that they use to assist people who need help with their utility bills. And my understanding is, from the utility companies that we work directly with, they usually have-- they administer that themselves or they work with another nonprofit agency to administer those funds to clients that need assistance. So our role at 211 is really to know about those programs, who's administering them, so that when someone calls and needs help with their utility bill, we, we can connect them with that particular fund or any other community agencies or statewide programs that might be able to assist them. So we're, we're really the [INAUDIBLE].

ALBRECHT: So do you do the same with housing and shelter?

LINDSAY PAULSEN: Yes, absolutely. So when someone calls in and they're in need of something, sometimes we have to really work with them to figure out what, you know, what the need is. They know they're in crisis but, but really, to help explain to us what their need is so that we can determine what services they might be eligible for, we have an extensive database of nonprofit and government human service agencies, and we want to be able to connect that caller with the resources in their community that they may be eligible for to help them with that need.

ALBRECHT: Thank you.

LINDSAY PAULSEN: Um-hum.

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FRIESEN: Thank you, Senator Albrecht. Any other questions from the committee? Seeing none, thank you for your testimony.

LINDSAY PAULSEN: Thank you.

FRIESEN: Welcome.

KAREN RATHKE: Welcome. Thank you. Well, good afternoon, General-- Chairman Friesen and members of the Transportation and Telecommunications Committee. My name is Karen, K-a-r-e-n Rathke, R-a-t-h-k-e, and I'm the president and the chief professional officer for Heartland United Way, based out of Grand Island. And I, too, am grateful for the opportunity to express our support for LB641, on behalf of our board of directors and the United Way network across Nebraska. Enclosed in your packet is a copy of a letter of support from my board, those of the Lincoln-Lancaster, Columbus, and Norfolk area United Ways. You will also find a joint letter from United Way leaders across the state, expressing the importance of 211 and the need for additional support with a map displaying their location. United Ways across the state work to connect donors to causes they care about and support the health, education, and financial stability of all residents. All Nebraska United Ways work on a local level, leveraging local dollars and to impact local issues. We know that people across the state face issues related to housing instability, poverty, hunger, and childcare. And for people facing poverty, 211 can particularly be important, be important. Across our state the counties with a 15.1 percent poverty rate or higher are all rural. 211 is there to connect people to resources in local communities to meet local needs. Offering support by phone and text overcomes some of the barriers to Internet access that some rural residents face. Heartland United Way has been working with-- and the 211 help line for over 16 years. I'd like to share the story that changed our community and introduced us to the need for 211. One morning our community woke up to the news of a tragic, abusive death of a 2-year-old little girl named Diana. Little Diana had been struck by her father with a belt up to 100 times and forced her to stand, naked and wet, in front of a fan with her hands in the air. The abuse started at 2:00 a.m., July 22, and ended nearly 24 hours later. This horrific abuse was five blocks away from our office, three blocks away from law enforcement, two blocks away from church, four blocks away from Health and Human Services. Access to help was so close. This haunted everyone in our community, as we felt we failed Diana. But as a community, we vowed to do what we could to not let it happen again. The Little Diana Task

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Force was formed with a vision to create a community where all children are valued, safe, and healthy, with a mission for every person to take responsibility for making this happen. Project 211 became the priority for the task force efforts to ensure all people would know who to call if they were the stressed parent or they were someone witnessing signs of abuse or neglect. Still passionate 16 years later about creating that community where all children are valued safe and healthy, the Heartland United Way has a bold goal to connect communities to decrease childhood poverty. Connecting people to help is a tremendous burden for rural people searching for resources to help find a path out of poverty. The 211 help line provides a critical connection for our communities' most vulnerable populations to secure assistance in a timely, accurate manner. Delays in accessing help multiply challenges people face and often magnify their crisis. The 211 help line is an easy-to-remember number that people can access in real time by using their native language to find help and hope. An additional benefit of the help line is that the 211 call reports quantify unmet needs that are then utilized in community planning. I also included in your packet a graph of the calls in our area, and so that kind of gives you an example that housing and utilities are two of the most common calls and the greatest need, but a lot of them are just your basic needs. And so two other stories that kind of demonstrate the impact of the 211. Anita is a single, mom works full-time, regularly pays her bills. But the cold weather increased her utility bills higher than ever. After receiving a disconnect notice, Anita called 211 for help. The specialist was able to refer her to local agencies for utility assistance, and one of them paid a portion of her bill to prevent her utilities from disconnection. That call prevented Anita's crisis from multiplying her issues, as she would have then had reconnect fees and a higher deposit on her account. Judy called 211, seeking help from tax, with taxes. In conversation, she noted that she'd been receiving calls from the IRS asking for personal information. The 211 specialist listened to the details, then explained that the call was a scam and should be reported to the IRS. Judy ended the call, the 211 call, with empowerment, with the IRS phone number and a local referral for tax preparation assistance. I grew up in Pilger, Nebraska. When the twin tornadoes hit, 211 was there, providing information where people can donate, where people can volunteer, how to rebuild their houses, and stayed with them on everything that they might need. And it didn't overwhelm the 911 system. But who else were you going to call? Pilger was, had no infrastructure set up to handle any kind of volume like that. 211 is such a simple number to remember. And that's part of its

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strength. If you knew someone was contemplating suicide and you needed to make a call, who would you call? There's a great toll-free number. It has a lot of great information and mental health therapists ready and waiting to help. And, and with the growing rate of suicide, it needs to be tapped into more. But no one remembers those toll-free numbers. So you need 211 to connect them to those numbers. If you were a mom and you needed diapers, and you were-- who do you call? If your mom all of a sudden fell and needed home healthcare, Meals on Wheels, or access to a free wheelchair, who would you call? You can call 211. And the really neat part about it is, as Lindsay was mentioning, every United Way puts in our resources in our local communities. So once you say I'm from Grand Island, Nebraska, or this ZIP code if you're searching on-line, then you can get connected to those local resources that are unique to those, that area.

FRIESEN: Will you please wrap it up?

KAREN RATHKE: Yes. So I'm just-- wanted to give you those great examples, and we want to make sure that you know that, in rural Nebraska, we are here to champion this because it's such a valuable resource. And I'm happy to answer any questions.

FRIESEN: OK. Thanks, Ms. Rathke.

KAREN RATHKE: Um-hum.

FRIESEN: Any questions from the committee? Seeing none--

KAREN RATHKE: OK, thank you.

FRIESEN: Thank you for your testimony.

KAREN RATHKE: Um-hum.

_____: Thank you.

KAREN RATHKE: Um-hum.

FRIESEN: Welcome.

STEPHEN KANIEWSKI: Good afternoon, Chairman Friesen and members of the Transportation and Telecommunications Committee. My name is Stephen, S-t-e-p-h-e-n, Kaniewski, K-a-n-i-e-w-s-k-i. I am the incoming board chair for the United Way of the Midlands and president and chief executive officer for Valmont Industries, with Nebraska presence in

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West Point, Valley, McCook, Omaha, Grand Island, and Columbus. I come before you today in support of LB641 and to share its importance for your constituents. The 211 help line is available to everyone in Nebraska and, without it, many individuals would be left wondering if help is available and forgoing vital supports to help them and their families. 211 is not a resource only for those struggling with poverty, but is there for anyone who is looking for information about services to help them and their family navigate life-- services such as: legal assistance, tax services, domestic violence support, and childcare. To that end, I am humbled to share an excerpt from a letter from another member of the Nebraska community, Shelly Stomp, whose life was touched by 211. Her family does not struggle with poverty but turned to 211 in a time of need. This letter is included in your packet. "I am a partner with KPMG LLP, an international firm with offices in Lincoln and Omaha. It may be a surprise to many that I have used this service. However, I have firsthand experience in using the 211 help line. My sister was an alcoholic and was in desperate need of medical help. I was able to call the 211 help line during the middle of the night and learned of a number of resources that were available to help her. In addition, as an employer, I have referred several of our employees who were in need of financial assistance to the 211 help line. When I used the 211 help line, I was treated with respect and kindness." Any of our families could find themselves in this position that Shelly and her family found themselves in, and we need to ensure that 211 is there when they do. This bill helps provide that assurance. You hear in her story that 211 used to operate 24 by 7. Those hours were reduced in 2017. I'd like to provide a bit of context about these changes. As you have heard, the Omaha-based United Way provides significant funding for 211 for the entire state. In 2016, within the context of reduced revenues and at the request of the board of directors, a strategic task force was convened to vet the value and ownership of 211, as well as optimal funding. Comprised of call center experts, corporate partners, nonprofit agencies, local United Ways from across the state, and a representative from Emergency Management Services, the task force concluded that 211 is a needed service and not redundant with any other provided in the state. The task force unanimously recommended that the services be enhanced while expenses reduced. As a result, hours were reduced from 24 by 7 to a Monday-through-Saturday operation. At the same time, improvements to the Web site and some additional texting functionality were made. We are proud of the improvements that have been made to 211 over its history and its service to the entire state. It is also clear that relying solely on philanthropy makes 211 susceptible to changes in

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giving. This bill brings together state dollars with private donations to help strengthen the 211 help line. With this support, 24-by-7 service will be reinstated, providing help to those that reach out after traditional business hours-- people like Shelly Stomp-- and coverage for any time, day or night, when there is a disaster or emergency in the state. It would also allow for increased outreach and awareness in all legislative-- excuse me-- legislative districts to make sure that people are aware that 211 is there for them. As the CEO of Valmont Industries, serving Nebraska, I know our business is only as strong as its employees, 2,200 of them who work in Nebraska. I also know that conditions can change at any time and any moment. Therefore, I am comforted to know that 211 is there to support the people that make our business work every day. We need to ensure 211 remains consistently available to Nebraskans to support them and their family in times of need so they can be productive and active in their workplaces, communities, and especially their families. Thank you, and I'll be happy to answer any questions you may have.

FRIESEN: Thank you. Are there any questions from the committee? Seeing none, thank you for your testimony.

STEPHEN KANIEWSKI: Thank you.

FRIESEN: Any other proponents for LB641? Seeing none, anyone wish to testify in opposition?

MICHELLE WEBER: Good afternoon, Senators. My name is Michelle Weber, M-i-c-h-e-l-l-e W-e-b-e-r. I'm testifying in opposition to LB641 on behalf of the Nebraska Advocacy group, a group of 11 Nebraska telecommunications providers, providing customers with telephone and broadband service throughout the state. Telecommunications surcharges are collected for specific purposes. LB641 would convert the use of the Telecommunications Relay System Act surcharge for something completely unrelated. It's a bad funding approach that lacks transparency, creates customer confusion, misappropriates dedicated funds, and unnecessarily and covertly adds pressure to telecommunications surcharges. While we certainly do not oppose the 211 program which serves a very important purpose, we do object to the funding source proposed in this bill. Adding an entirely new grant program, with completely new purposes unrelated to the TRS, under the TRS surcharge, is misleading. While we appreciate that the amendment would prioritize true TRS purposes, it adds pressure to the surcharge system at a time when our state is working to address other surcharge-funded priorities, including broadband deployment and Next

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Generation 911. The amendment would also require telephone companies to provide customers with a clear description of the programs funded by the surcharge. This puts the burden on telephone companies to disclose what should be addressed by the Legislature. It would be more transparent to fund this through the appropriations process or, alternatively, to create a 211 surcharge, although certainly not our preferred policy option, given the other surcharge-funded priorities. With that, I'd be happy to answer questions.

FRIESEN: Thank you, Ms. Weber. Any questions from the committee? Seeing none, thank you for your testimony. Anyone else wish to testify in opposition to LB641? Seeing none, anyone wish to testify in a neutral capacity?

PAUL JOHNSON: Good afternoon, Senators. I'm Paul Johnson, P-a-u-l J-o-h-n-s-o-n. I'm the director of the Douglas County Emergency Management Agency. I'm testifying today in a neutral capacity. My purpose and focus is to provide you with some information, based on my agency's experience with 211 during community emergencies and natural disasters. In the past 10 years, 211 has been an essential resource for communities in Nebraska when impacted by community emergencies and natural disasters. Some of these events have included the 2008 windstorm in Douglas County, the 2009 H1N1 pandemic, 2011 Missouri River flood, 2013 Wayne tornado, and, as you've heard, the 2014 Pilger tornado. 211 is able to provide several services that help local emergency management and their communities recover quickly. For example, when local emergency management receives a tornado watch from the National Weather Service, we notify 211 of the situation. 211 is able to put their operators in a heightened awareness status as we anticipate the severe weather. If the severe weather strikes, we are able to utilize local media to instruct residents to call 211 and report their damage. 211 then obtains critical information from the caller regarding the location of the dwelling or business, the extent of the damage, and the caller's contact information. Once 211 enters this information in the database, it is automatically uploaded to GIS mapping software, and the data is also tabulated in an Excel spreadsheet. The information is vital for local community, state, and federal officials to readily and efficiently assess the damage to residential and commercial properties in order to request public and individual assistance. Callers with immediate needs are also able to obtain the contact information for a variety of support services necessary to survive the impacts of these disasters. In addition to damage reporting and requests for community services, 211 has also

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served as the information hotline for impending severe weather and flooding. In these scenarios when 211 receives an inquiry, the location of the caller and the nature of the request is noted and categorized. Local Emergency Management is able to see the categorized requests and adjust their public information messaging in order to provide additional and better detail to address concerns of the public. In 2018, a 211 task force was convened and evaluated and assessed the need and critical services of 211. Having the capabilities provided by 211 as a 24/7 operation is useful for those entities, organizations, and agencies responsible for addressing needs of the public during community emergencies and natural disasters. Thank you for this opportunity and for me to explain 211. I'd be glad to entertain any questions you might have.

FRIESEN: Thank you, Mr. Johnson. Any questions from the committee? Seeing none, thank you for your testimony. Any others wish to testify in a neutral capacity? Seeing none, Senator McDonnell, you can close. We do have letters of support from the Greater Omaha Chamber; American Red Cross serving Nebraska and Southwest Iowa; Catholic Charities; Central Nebraska Community Action Partnership, Inc.; Community Action of Nebraska; Heartland Family Service; Methodist Health System; OneWorld Community Health Centers, Inc.; Omaha Public Power District; United Way of Lincoln and Lancaster County; United Way-Columbus Area Board of Directors; Midtown Health Center; and Jerry Crouse, CEO of Tenaska, Inc. I have one letter in opposition from the Nebraska Telecommunications Association.

McDONNELL: I'll try to address a couple things that were brought up-- Senator Albrecht talking about the budget process. And if you looked at the idea of the telecommunication relay program that was started in 1990 under LB240, it was given-- that authority was given by the Legislature to the Public Service Commission. It was also capped at 20 cents at that time, in 1990 under LB240. What we're saying is-- and that's the 711 program-- we're saying is that we're going to go ahead and protect that, that fund. But right now there's only 2 cents out of that 20 cents that's being used. So it would be up to the Public Service Commission, at a minimum of \$300,000, possibly up to 5 cents, to build and fund the 211 program through a grant process. Now right now the United Way of the Midlands is in charge of the 211. That could change in the future or it could, it could be maintained in the future. But that's up to the Public Service Commission. So there would not be, on a yearly basis, the United Way of the Midlands coming back here-- or whoever possibly through the Public Service Commission is in

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charge of the 211 program-- that would be up to them at a minimum of \$300,000, possibly more, up to a maximum of 5 cents. But also within that 5 cent or that 20 cents, if there was ever a need for the original, the TRP [SIC], then we would start dropping off. So their 20 cents would always be protected. So we're not giving the Public Service Commission more of an opportunity to spend more than 20 cents; they have that ability right now. What we're saying is, within that 20 cents and protecting the original intent of that program in 1990, we're saying 2 cents could go to the 211 program, always knowing in the back of your mind if they ever got up to 19-20 cents that they needed, the 211 program would drop off. Also it was brought up by a lobbyist about transparency. I don't know how more transparent you can get if, on a line item on your phone bill, it says it's going to 211. We're making sure that we're protecting the original LB240 with the telecommunication relay program. We're saying on the bill that this is going, their 2 cents out of their pocket per month, 24, 24 cents a year is going towards the 211. I believe that is transparency. We have a number of things to work on this legislative session. We have 739 bills. As we discussed earlier, we have some things in Appropriations and, looking at the fiscal forecast coming out on the 28th of February, we're gonna have some difficult decisions to make. Right now, what we're asking through LB641 is, we have a program that works. I'm not bringing a concept in front of you to say oh, I think this could work. We know 211 works. We know the United Way of the Midlands does a great job running 211. We also know there's people out there that need help. We also know there's actually people that want to help them financially, out of their own pockets and through these programs. 211 is the conduit for those people. We have an opportunity, through the Public Service Commission, to give them the authority not to go above the 20 cents that they've had since 1990, under this program, to add to the 711 concept the 211 and stay within the 20 cents, but also protecting the original intent of LB240 in 1990, and capping them at 5 cents, but making sure that we have \$300,000, because the other \$300,000 is coming out of people's pockets, to make sure that we're running 24/7, that people, whenever they call-- and remember, we're talking about people that are contemplating suicide. They're gonna get an answering machine. We're talking about people that can't wait another day because their power is being turned off. They can't wait another day because they have nowhere to sleep. They can't wait another day; they have nothing to eat. These people can't wait. We have an opportunity to spend a minimal amount of money, compared to 90-plus percent of all the money that's helping these people coming from the private sector. And again, we're going back to the idea that

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LB240 gave the Public Service Commission, who supports this bill, the opportunity to work up to 20 cents. They're currently spending 2 cents of that 20 cents. They could add the 211 program in with that, protecting the original intent of that, that bill, adding to it, improving it, but always making sure that if they ever need that 20 cents, it's available and the 211, therefore, would drop off. Please consider this. I know you have questions. I know, Senator Bostelman, there's some questions on, on the need and the time frames and when the calls are coming in. All of you are going to get this information, within 24 hours, on the budget, how it's worked in the past. And again, we're open to ideas. And Senator Friesen, you've been, you've been great to work with, trying to come up with different ideas because I believe everyone agrees that this is a great program. There's people out there that need help and there's people that want to help them, and this is a conduit to do that. I'll answer any other questions.

FRIESEN: Thank you, Senator McDonnell. Any questions from the committee? Seeing none, thank you. With that, we'll close the hearing on LB641.

McDONNELL: Thank you.

FRIESEN: I will turn the Chair over to Senator Geist.

GEIST: Well, good afternoon, Senator Friesen. You may open on LB268.

FRIESEN: Thank you, Vice Chairman Geist. Members of the committee, I'm Curt Friesen, C-u-r-t F-r-i-e-s-e-n. I represent District 34. I'm here to introduce LB268, a bill that I brought to make it easier for certain rural residents to improve their level and quality of broadband service. Last year the Legislature passed LB994 which created the Rural Broadband Task Force and made changes in our telecommunications statutes. We face a digital divide in Nebraska between urban and some rural areas. We have some rural companies that provide outstanding service. For example, I have outstanding broadband access because my company went out and borrowed the money, upgraded their facilities, and they provide fiber to the home out in the rural areas. We have other companies that are not as willing to invest resources in providing that type of service. It's not fair to you-- when your service is lacking compared to your neighbor living just across the fence from you because he or she is living in another telephone exchange. This bill changes the criteria for the Public Service Commission to consider when considering an application to

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change companies to a provider who is providing service in a local exchange adjacent to the local exchange area where the customer lives. The current law requires applicants to show that he or she is not receiving the service and will not within a reasonable time in the future receive that service. This bill will lower that threshold to require the applicant to only prove that he or she is not at the time of application able to receive the services requested. It won't solve all of our rural broadband problems. It will, however, help some people and maybe get some companies to get more interested in providing quality service if they start losing customers. I urge you to advance LB268 to General File, and I'd be happy to answer any questions I can.

GEIST: Thank you. Are there any questions on the committee? Senator Albrecht.

ALBRECHT: Thank you, Vice Chair Geist. Thanks for bringing this bill. I hope it's something that can help me and my area. So-- so when you're saying that they're not receiving the service that they are paying for, so how do they prove that they're not?

FRIESEN: Well, this is a situation where now you've lowered the threshold. If-- if broadband service is not available and right across the road-- we've had a lot of people say, well, I've got fiber laying right across the road but they won't let me hook up to it because that's in a different telephone exchange. And so you have to go through a process then of transferring your service area because of that border there. And so what this would allow you to do in a shorter time fashion without as much work and providing documentation is to say that I'm not receiving the service right now. And the company that provides this service may say, well, we're going to provide it in the next six months or a year. It doesn't matter now. If they are not providing you that service on that day, then now you would be able to ask for a transfer over to another company that borders that and you would be able to provide service from them.

ALBRECHT: OK. So if I have a service that I did not receive service for four months this fall and I was not very happy, I probably could have gone to someone else but I really liked my service up to that point. So if there are other service providers, that's when this bill would kick in because I could go to someone else. But I really haven't signed any kind of a contract. I could-- I could cut that service off at any time. Right?

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FRIESEN: If-- if the company that you're with currently shows that you are being served and you are being served most of the time, I don't know if that qualifies you for moving your service. This is if you do not have access to broadband.

ALBRECHT: To any service.

FRIESEN: It doesn't mean that it's reliable access to broadband. It means if you have access to broadband. So if you're currently being supplied, this really doesn't pertain to you.

ALBRECHT: OK, great. I'll wait for the Public Service Commissioner because I have a couple of questions for him. Thank you.

GEIST: Are there any other questions in the committee? Seeing none. I suspect you're staying to close. I had to ask. Are there any who wish to testify in the proponent position?

TIM SCHRAM: Good afternoon, Vice Chair Geist and members of the Transportation and Telecommunications Committee. My name is Tim Schram, T-i-m S-c-h-r-a-m, commissioner for the 3rd District representing the Public Service Commission. I am here to testify in support of LB268. The commission believes that LB268 would increase rural Nebraskans' access to broadband Internet services, also known as advanced telecommunications capability service. Under Nebraska law, telephone companies serve customers in designated territories known as local exchange areas. Unfortunately, not all these companies offer Internet access in a rate exchange area. Therefore, if a customer does not have access to broadband Internet where they live and wish to-- wishes to obtain it, they can file an application with the commission for a boundary change in order to receive service from neighboring carrier. If both telephone companies involved consent to the change, the commission approves the application and the boundaries are changed so the customer can get telephone and Internet service from the other company. If the two companies do not agree to the boundary change, however, the commission holds a hearing. If the customer's current company could show that they will provide the customer with Internet service within a reasonable time, the boundary change is not allowed. This standard is problematic because it is vague. What may seem like a reasonable time to a customer who doesn't have access to the Internet is typically much shorter than the time period a telecommunications company would prefer. Additionally, commission-- the commission has observed a troubling trend in the past year in situations where a telephone company has not invested in building out Internet service to

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its rural service areas. However, when customers in that area apply for a boundary change to a carrier that can provide Internet, the company opposes applications telling the commission they have a plan to provide Internet sometime in the future within a reasonable time. It is the commission's view that the vague standard of "within a reasonable time" is being used to deny rural customers access to broadband services and is therefore detrimental to both individual customers and to the larger goal of providing broadband Internet to Nebraskans living in rural areas. LB268 is an improvement to this process because it provides a concrete standard for reviewing boundary change applications under this bill. The commission would review applications to determine if the customer has access to Internet service at the time of the application. This removes the ambiguity at the time of the application. What is a reasonable time is whether a carrier can meet that time frame. Furthermore, LB268 gives companies an incentive to proactively build Internet facilities rather than waiting for an application to be filed from someone seeking Internet access. This issue is ongoing and affects a significant number of Nebraskans, especially in rural areas. The commission has recently seen a significant increase in such applications within the past year. We have processed 12 boundary change applications with nonconsenting companies and 14 additional applications pending. We expect to continue receiving applications at this rate as the need for Internet access is only growing and customers are communicating with each other about this process. We believe the language set forth in LB268 will assist the commission in processing these applications quickly and fairly. For these reasons the Public Service Commission believes LB268 will be beneficial to rural consumers across Nebraska. It will increase Nebraskans' access to the Internet across the state. Therefore, we urge your support of this bill. I thank the committee for its time and attention this afternoon. I would be happy to try to answer any questions you may have.

GEIST: Thank you for your testimony. Are there any questions on the committee? Senator Albrecht.

ALBRECHT: Thank you, Chairman Geist. OK, Commissioner Schram.

TIM SCHRAM: Yes.

ALBRECHT: Tell me how this works. I'm out in rural Nebraska.

TIM SCHRAM: OK.

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ALBRECHT: And I have Internet but there are some people across the road from me or maybe even in another county that do not. There are a lot of schools that have computers for all the kids to take home. A lot of them don't even have Internet access in their home. They have to go into town to sit in front of the McDonald's or the library to get access to use their computer to do their homework. So if I go back home and I say, hey, sounds like you guys can put an application in with the PSC and maybe you can get somebody to take a look at your area, is that how it works?

TIM SCHRAM: There has to be another carrier in the area that has advanced communications capabilities, Internet capability. So the infrastructure from another company has to exist within proximity and it's up to that company whether or not they can make a finance-- a financial business case to get that Internet or advanced service to that customer.

ALBRECHT: And how much money can-- is available through the Public Service Commission for some of these companies to tap into that would help them financially be able to go into some of these areas?

TIM SCHRAM: Well, the good thing about it is and a lot of these companies that, that are in rural Nebraska, whether they're what we call the price cap or the rate of return companies, are already I would say-- all the boundary changes that we've had are companies that receive money through the Nebraska Universal Service Fund. So they're already receiving funding from the Nebraska fund.

ALBRECHT: You talk about-- can you hear me OK? Well, you talk about some of them saying that they're using it as an excuse that you say a reasonable amount of time. I mean when-- I mean when does the Public Service Commission step in and say, you know, we've really had a lot of activity in this particular area, is there anything you can do? Or when, when does the switch go on that this particular bill will help somebody get--

TIM SCHRAM: When someone has sought advanced communications Internet service from a neighboring close proximity carrier, they do file an application with the commission. If the incumbent carrier or the carrier of that area that's currently serving them objects to it, then it goes to hearing; and we have had a hearing and recently we've approved the applications from those customers in those areas. I, I guess the thing we're saying is LB268 makes the process a lot cleaner. If a carrier tells the commission we, we can get broadband to him in

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the future, you know, you say, OK, when? Well, you know, it could be three months, it could be six months. So, you know, either the customer has advanced services Internet speeds to their desire or they don't. And if there is a carrier there that's close-by and willing to provide that service to that customer, I as a regulator have a hard time in standing in the way of that-- of that customer wanting to get that service.

ALBRECHT: Thank you.

GEIST: Any other questions from the committee? Yes, Senator DeBoer.

DeBOER: I just have a quick question that is sort of tangentially related but do you have a sense of about how many people are affected in this state by this kind of overlapping sort of they can't really get it from this provider but there's a nearby provider? Do you have any sense?

TIM SCHRAM: I don't have a concrete answer for you, but we have some very good maps at the commission and I will-- I know we've provided them to this committee before but we will-- we'll get you some current maps of broadband service providers in areas and what speeds they offer if that would satisfy you.

DeBOER: I mean, that's, that's great if you can. I just was curious if you had a sense of is this a large portion or a small number of people.

TIM SCHRAM: Across Nebraska, there's, there's, there's a lot of need. There's, there's a lot of holes that, that people don't have the Internet speeds that they want and especially in an agricultural state. And I don't want to take too much time--

DeBOER: No, no. This--

TIM SCHRAM: --for the committee. But with precision agriculture, the monitoring of irrigation, areas you wouldn't think that would maybe need a lot of Internet speed do.

DeBOER: Yeah, that's great. I just was curious how many had that second option that this would apply to. Thank you very much.

TIM SCHRAM: Um-hum.

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GEIST: Senator Hughes.

HUGHES: Yeah. Thank you, Director Schram. Could, could-- in the 12 cases that you've already heard and the 14 that are-- that are pending, can you give me any kind of an idea of how many people would have been helped by this? Is this, you know, three or four households by this change or is it dozens or just, just an idea?

TIM SCHRAM: As my memory recalls, we've had a number of cases in this I would call central Nebraska and, you know, it can be anywhere from two to maybe six customers or locations within a neighborhood.

HUGHES: And you see the new provider willing-- willingness to-- wanting to take on those additional customers.

TIM SCHRAM: We have found that the, the carriers that are in close proximity, we've seen, you know, maybe a mile or two miles of fiber ran to possibly serve them. And so, yeah, if, if the-- if the fiber and the facilities is nearby, we've seen that the, the carriers are, are very willing to facilitate those customers.

HUGHES: But it's still a relatively short distance to connect--

TIM SCHRAM: Correct. The ones that I have seen, yeah. It, it's usually, you know, on the boundary of the border of the exchanges.

HUGHES: OK. Thank you very much.

GEIST: Any further questions from the committee? Seeing none, thank you for your take.

TIM SCHRAM: Thank you.

GEIST: The next proponent, please.

ERIC CARSTENSON: Good afternoon, Senator Geist and members of the Transportation Telecommunications Committee. My name is Eric Carstenson, that's E-r-i-c C-a-r-s-t-e-n-s-o-n. I'm the president of the Nebraska Telecommunications Association and I'm also registered as their lobbyist. And I'm here today to support LB268. Three very quick points and why, why we support this bill. First of all, we feel it's very much in the interest of the consumers. But secondly, the NTA realizes that we're going to have members on both sides of the questions depending upon what the circumstances are; and we, we accept that, that difference. The third thing is I'm going to ask to muddy

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the waters just a little bit more. I think that "reasonable time" we've heard isn't the proper standard. But I'd like the committee to at least consider looking at some other standard. And let me, let me give you an example of why. Let's suppose somebody went into the Public Service Commission after the holiday this morning before the snow started flying and said I would like to apply for this grant-- I don't-- or this, this exception. I don't today have Internet service but I want it, but I don't have it today. Let's also imagine that during the next construction season there is a company which is within a few hundred yards where they ended when this-- when the ground froze. And as soon as the construction season begins next year, they're going to be there within days. That's the kind of discretion we're asking that the commission at least be granted. And I'm here to support the bill. So I am saying that I understand that "reasonable time" is too much. We're just asking for the commission to have some discretion in between there to consider the, the facts. And that concludes my testimony.

GEIST: Thank you for your testimony. Are there any questions on the committee? Seeing none, thank you.

KATIE ZULKOSKI: Good afternoon, committee. Katie Zulkoski, Z-u-l-k-o-s-k-i, testifying today on behalf of the Nebraska Advocacy Group. As Michelle mentioned earlier, it's a group of rural telecom, telecom and broadband providers across our state, testifying today in support of LB268 and the clear direction this would give to the Public Service Commission as they consider these boundary request changes that they're getting from your constituents across the state. Do want to note in the Public Service Commission's report to the Legislature, their 2018 report that commissioner mentioned earlier, it does note there are times when the applicant does say that they are willing to see if the plan upgrades to the service offerings will meet their needs so that is something that is being pointed out through this hearing process and that the customers are able to consider even once that hearing process has been started. So we think this, even with this language that would still allow to happen. And I'm happy to answer any questions.

GEIST: Thank you. Any questions, committee? Seeing none, thank you. Any further proponents? Are there any opponents to the bill? Afternoon.

BRAD HEDRICK: Good afternoon. Vice Chair Geist and members of the Transportation and Telecommunications Committee, my name is Brad

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Hedrick, B-r-a-d H-e-d-r-i-c-k. I am the regional president of Kinetic operations for Windstream, covering Nebraska and four other states. Thank you for this opportunity. So Windstream opposes this legislation. This legislation is pretty much entirely targeted at Windstream. We are the company that has had the boundary change applications come before the Public Service Commission principally in our Hansen and Sutton exchanges and coming from principally Hamilton Telecommunications. So I want to make one thing abundantly clear. We've been talking about broadband. All of the proponents have been talking about broadband. There's nothing that stops Hamilton from serving these customers, these individuals with broadband service today. These boundary changes are not required to provide broadband service. They would only be required to provide telephone service which nobody has talked about. That's not what people are interested in. So I think to a certain degree this legislation is largely moot. Nothing prevents these companies from building these facilities to provide broadband service. I want to clear up a little bit of other misinformation. Windstream has been very aggressively building out broadband services to rural communities. We are one of the largest recipients of the Connect America Fund, a federal Universal Service funding program designed to enhance services across rural areas. And we have been aggressively building out facilities. We are also one of the largest recipients of broadband project specific funds in the Nebraska Universal Service Fund. In fact, we've applied for more projects than all of the other companies combined. So we intend to use these funds. We intend to build out facilities. We have encountered some federal regulatory constraints and some local county constraints that have slowed down our progress as far as our plans to build out services across Nebraska. You know, one of the other bills before the Legislature has to do with the small cell. We actually see some benefits from that legislation to help us in our build-outs of these wireless tower sites. That's the technology we're going to use predominantly to provide service in rural areas. And so there would be some benefit to us. So we have built out 70 of these sites in my Iowa community so far. So we plan to do the same type of volumes across Nebraska. I had planned to have 11 sites built covering over 2,300 rural constituents by the end of 2018. That didn't happen. Again, the federal government changed-- the FCC changed a key component involving an environmental assessment on placing these tower sites. And then we've encountered some local zoning issues with Adams County on the sites in that area. However, we have made progress in those areas. We're pretty much through all of the federal environmental impact studies. We have changed some locations and the first pole is actually

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going up today near Harvard, Nebraska. So we continue to deploy services. We think this legislation is unnecessary. It actually creates a double standard. If you're the incumbent provider, you have to provide it immediately. But the person that's applying to go to a different company, well, that company still would have to build. So as I've said before, there's nothing that prevents those companies from building out services today, broadband services. I just think this is unnecessary legislation and we ask that you not advance it.

GEIST: Thank you for your testimony. Are there any questions from the committee? Yes, Senator Bostelman.

BOSTELMAN: Thank you, Vice Chairman-- Vice Chairwoman Geist. Mr. Hedrick, I'm a Windstream customer. I live 32 miles from here, and I've been told by Windstream, you will not get any broadband, any fiber to your home, not in any near future. I've been asking for ten years. So it's not just in Henderson and Hamilton County that it's effective. With all due respect, sir, there are others of us in rural Nebraska that are asking for broadband service and we're being told it will not be-- it will not be delivered. Specifically, I will say your company has told me that.

BRAD HEDRICK: Well, I don't know who that representative was, but I would tell you I believe they were wrong.

BOSTELMAN: Well, I've been asking for ten years, sir.

BRAD HEDRICK: So I'm the president of operations for this region, and I'm telling you we are providing services in rural Nebraska. I can pull out a project schedule. I have Brainard on the list to be done later this year. It will not be fiber to the premise. It will be fiber to a pole site that we do fixed wireless. We provide 100 meg speeds download, 8 meg up on our fixed wireless product. So it is very good broadband Internet service. We use a state-of-the-art technology from RADWIN technologies to do the fixed wireless product. That is a much higher generation product than a lot of companies that have previously done a fixed wireless product. So anybody that's had prior experience with fixed wireless I would tell you this is a whole level of generation technology beyond what has been used in the past.

BOSTELMAN: I will tell you that 8 meg up is not satisfactory for, for rural Nebraska. We need more than that. And I'll also tell you that I would like-- I guess I would like to see what your build-out is for the Brainard area because I've been told-- I've called your company,

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my wife has called your company, and I've talked to your representatives. So I appreciate that if Brainard does get something, that's great. But we've been asking for ten years and haven't got it. And also I'd suggest I'd hope that we get more than 8 meg up because that's not-- that's not going to get us what we need.

BRAD HEDRICK: Yeah. I understand there's that concern. Windstream is also one of the largest bidders in the current FCC auction of 28 and 24 gigahertz spectrum. We are currently under a gag order from the FCC. We can't announce the particular counties that we've won that 28 gigahertz spectrum which is also known as 5G. So that is part of our plan to deploy gig services throughout rural areas going forward. But it's a phased-in approach. This first of type of fixed wireless is what we'll be providing initially, and then the 5G will be rolling out beyond that in the future.

BOSTELMAN: I'm curious since I'm on the Broadband Task Force as well. Are we going to be provided information as to who exactly is going to be receiving-- have the-- what address level who is going to be receiving services throughout the state through Windstream? Can we get that information? I mean, one-- one thing we're trying to do is obviously work with all the, the service providers out there.

BRAD HEDRICK: Yeah.

BOSTELMAN: The biggest thing that, that, that we don't have is data-- data on who actually receives it not-- because the 477 doesn't give enough information for us to understand. As we try to get information out to our-- figure out where service is and where there is no service, is that something that we'll be able to receive through Windstream, more of a address level reporting?

BRAD HEDRICK: Yes, that is something we are working on. We have a predictive model on our fixed wireless propagation that tells us who we think is going to get coverage and at what level. And then once it's installed, we can verify that. So at some point, yes, we'll get you that information. And I'd be happy to meet with you personally and talk about specific plans for your area and Brainard.

BOSTELMAN: Thank you.

GEIST: Thank you. Any further questions? Yes, Senator Hughes.

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HUGHES: Yes. Thank you, Mr. Hedrick, for coming today. So you indicated that Windstream is having trouble with-- in the Sutton, the Hamilton County telephone.

BRAD HEDRICK: Particularly with Adams County.

HUGHES: But when you go to the PSC, have you been fighting that-- the possible allowing the customer to go to Hamilton County? Or have you been saying, yeah, that's fine?

BRAD HEDRICK: So for the past several-- and there's roughly 25-- not all of them have we responded to yet but so roughly for about 20 we have denied them. And we have said we don't believe the boundary change is the appropriate mechanism. In fact, when the Telecommunications Act of 1996 was passed, that was to create competition for local telecommunications services. And it set up the framework of incumbent providers and competitive providers. Nothing prohibits any company from being a competitive provider in any of these other areas. And that's the avenue that companies should pursue. These boundary changes are from a regulatory paradigm that has long since passed.

HUGHES: So then the PSC will rule. Are they ruling in favor of Windstream or, or--

BRAD HEDRICK: No.

HUGHES: --how's it going?

BRAD HEDRICK: Specifically to your question, no, they have ruled in favor of the citizens; and we somewhat understand the-- you know, they're, they're in a tough spot. Those citizens are voters and so they have ruled in favor of them. And at this point we have several of those that we have appealed to the Court of Appeals.

HUGHES: OK. Following up a little bit, the-- so you're putting in towers for wireless. Is that-- how-- what's-- what kind of distance are we talking out of that--

BRAD HEDRICK: From each tower site we get about a four- to five-mile radius where we can provide up to that 100 meg down signal.

HUGHES: OK. So and then you also mentioned getting 5G into rural areas. Are you planning on deploying 5G anytime soon?

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BRAD HEDRICK: In 2020.

HUGHES: Very good. Thank you.

GEIST: Any additional questions from the committee? OK. I do have one. I can't resist. So we have on this committee heard that 5G is not for rural Nebraska. So you're telling us that's wrong.

BRAD HEDRICK: We believe that 5G will start in the more urban areas. But when you look at how do you define an urban, that's well beyond the Lincoln. That's certainly like a Seward, a York, a Hastings, even potentially a Sutton and expanding outward from there. It is going to be a function of demand. But we think demand is going to be very strong for those services.

GEIST: Thank you. It's good to know. Thank you very much.

BRAD HEDRICK: Certainly.

GEIST: Any additional questions? Seeing none, thank you for your testimony. Are there any additional opponents to the bill? Anyone who wishes to testify in the neutral capacity? Seeing none, Senator Friesen, you are welcome to close.

FRIESEN: Thank you, Vice Chair Geist. You know, I, I, I, I'd be open to trying to define "a reasonable time." And again, I don't think this is going to impact a lot of customers. And it's not targeted to Windstream. We've, we've heard of cases elsewhere where there just happens to be fiber buried near a border and people on the other side of the road are not able to access that because of these defined borders. And so most of the cases I think have been a little bit different in the past. And I, I just don't see it being a big issue, but it is an issue when you do have fiber within a very short distance and you cannot access it. And in the rural remote areas, I mean, that might be your only access for the next couple of years because other companies have not built out to that area yet. And I think if we would define "a reasonable time" and maybe put that in there. But the process should be a little bit simpler because there have been other cases across the state, too, where there've been border changes. They've just not been opposed in the past. But to have to do the hearing process when it's pretty obvious that there's not going to be coverage there for quite a while, it seems like there could be an easier process. And I think on the 5G deployment there is a difference between 5G and small cell. I mean, all of the large cell towers out in

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the rural areas will eventually be 5G. They're not going to be small cell. It's different technology. So, I mean, let's not get the two confused I guess. But again, I don't see that this is going to impact a lot of customers and it's not targeted to any one company. There's gonna-- we're going to run into these situations all across the state. As you get some of the smaller companies or whatever building out quicker in an area, there might be areas where it's even in a mutual agreement to get it done because maybe the one company doesn't want to bring fiber or something, that service all the way to the edge of their border. It might be cheaper for them to just let it off. But again if we can define the term, I'm willing to sit down and discuss that. If you have any further questions, I'd be glad to answer them.

GEIST: Any questions from the committee? Thank you for your clarification, by the way. And we will close the hearing for LB268. And I have no letters of support or opposition.

FRIESEN: OK. With that, we will open the hearing on LB617. Welcome, Senator Hilgers.

HILGERS: Thank you, Chairman Friesen and members of the Transportation and Telecommunications Committee. My name is Mike Hilgers, M-i-k-e H-i-l-g-e-r-s. I represent District 21, which includes northwest Lincoln and Lancaster County. And I'm pleased to open this afternoon, or evening, on LB617. In light of some of the weather conditions that I believe have started, I will be as brief as I can for the committee's benefit. LB617 really is about, I think, modernizing part of our regulatory system for telecommunication services and, really, eliminating what is in my view a two-tier system for competitive landscape, and takes a thumb off the scale that is-- currently exists for the regulation of voice telephone services. And here's what I mean by that. So it used to be, back before we had cell phones and a lot of different competitors in the telecom-- or the voice space-- it used to be we basically had one provider; we had essentially monopolies in the telephone system. It was AT&T; it was, it was the Baby Bells. And when you have a monopoly system, you, in order to make sure those monopolies-- especially if something is, really, that is a utility that is a public good, such as voice services-- in order to ensure that the monopoly is a good actor, regulations have been built, including things such as carrier of last resort, quality-of-service regulations, and the like. That sort of system worked well; monopoly regulation system worked well for the decades in which we had monopolies for telephone service. We no longer have monopolies; in

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general, we no longer have monopolies for telephone service anymore. I would, I would imagine the committee generally has-- members of the committee, including myself, have wireless telephone systems, maybe have-- at their businesses may have Voice Over Internet Protocol phone systems. But there's, it's a very competitive landscape, again, in general. And I'll talk about some of the exceptions here in a second. However, in Nebraska we have not completely updated our regulatory system to account for, for that fact. So on the one hand, here's what I mean by a two-tier system. On the one hand we have wireless or VoIP or cable providers, all these other technology providers that provide voice services-- no regulation. I mean there's some regulation, but there's no quality of service, no price regulation. There's no requirement, if Verizon needs, is going to change your price, that they need to send out mailings across the state or give 90 days' notice; it doesn't exist. However, it does exist for a small-- or set of providers who provide their, their technical, or their voice services over a wired technology. And part of the reason it used to exist is for this monopoly system that I sort of described before but, in general, we don't have that anymore. And so what we've created, what we essentially have are same service, right? Same type of service, two different regulatory environments. One regulatory environment that is, allows competitors, businesses to sort of go with that-- largely without regulation, not entirely but largely without regulation, and then another set of providers that really have this significant regulation. And so what LB617 would, would, would do is to address that disparity. Now I'll briefly describe sort of what it does and I will, if the committee will allow me, I'll address a few of the points that I've heard, last year when Senator Friesen brought this bills along with, as that I've heard, is part of the development of this process as we developed this bill for this year. Basically what it would do-- it would do two things. One, it would immediately deem Lincoln and Omaha to be competitive marketplaces. So for Lincoln and Omaha, those current providers that are being-- have this disparate regulatory treatment-- they would be a, they would immediately allow to sort of not be regulated the same. They would be regulated, they would have regulation parity with their competitors in Omaha and Lincoln. And again, if you think of this world in which we either have a monopoly with regulation or competition and less regulation-- in other words, the competition is sort of the, is the, is the, the force that, that creates good actors and citizens and all, and ensures that we have good quality service, right? And it's competitive landscape-- it's, you don't need regulation in a competitive environment. If those are, you know, if those are the two worlds in which we live, if we're

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in Omaha and Lincoln, we have competition; therefore, we should be in the zone. So immediately Omaha and Lincoln are competitive. Those regulations-- we have regulation parity for those providers. In other areas of the state-- not Omaha and not Lincoln-- the default, the current system would remain in place as the default. In other words, the regulation would exist unless, unless a certain, two-- one of two showings is made. One is that the provider in that particular area does not have 50 percent of the market share. So in other words, they're not a monopoly. Or a second showing would be that there are two-- 60 percent of that, households have at least two providers. Both of those showings are meant to establish what, that we're in this world of competition, right? If we have, if one provider doesn't have 50 percent of the market share, or if 60 percent of the households or more have two providers, that tells us we're in a more competitive landscape. If they don't have that, we're still in a monopoly, more of a monopoly--type landscape. Nothing can change, right? So if we're in that first world-- in other words, we're not in Lincoln and Omaha and there is, there is this showing-- what, the provider can take this pathway. They don't have to but, if they do, they have to make a certain showing. The commission has 90 days. If they don't act-- and it has to be factual showing-- they could deny it. They could disagree and say, no, no, no, we don't think that your facts establish what you say they say. They could deny it and we're still in that status quo world. Or, or they could not act and it would be deemed approved after 90 days, in which case they would be in this de-reg, this regulatory-parity environment. Again, the whole idea is we, we're establishing there's competition; therefore, that's the system we're gonna live under. The bill also allows a clawback mechanism for the commission to pull back that authority if certain standards aren't met. So that's basically how the system is meant to work. A few points that I'd like to address on the front end, 'cause I anticipate that I'll hear some of it from opponents, early-- some of discussion may be questions from the committee members. I think I left my notes up there. One point is this, is the idea of wholesale, regulation on wholesale providers. So this came up last year at the hearing and it was a concern that I had. Again, if again, there's, there's two marketplaces we're dealing with. One is the retail phone marketplace. Is that competitive or not? And the other one was, we're dealing with, could be dealing with and I think the bill last year did deal with-- is the, the backhaul provider, the, those who provide sort of the, really the, the backbone of the Internet, right? So the, so T-Mobile or Verizon or Charter might contract, they might provide the last-mile service for Internet, for Internet services, but they're then having

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an interconnection agreement, maybe, with someone who's providing, that they're providing the wholesale piece of that network. And there are fewer of those providers. And so one concern last year was that, well, wait a second. We shouldn't deregulate, potentially, this wholesale provider because that's more of a monopoly, so we-- we're in this monopoly zone, not the competition zone. So one thing that is not in this bill, or actually is explicit in this bill, is that we're not dealing with Internet connection agreements, we're not dealing with those types of backhaul wholesaler portions of the marketplace. So that concern from last year is explicitly addressed in this bill this year. The second one is, the second concern is that, well, wait a second. Well, we have 911. We should be able to have 911 regulations and ensure that, you know, that you can't deregulate for 911 service, so that, that would maybe go a little bit too far. So that also is addressed, and that's on page 10, lines 11 through 14, specifically 911 regulation. Again, that is not, that is not an issue here, as well. So, and then the last one is, is really this idea that potentially this is something that would impact rural Nebraska, and I think this committee has spent a lot of work and a lot of time, Senator Bostelman, with your questions-- and this year and the other two years that I've been on this committee, very focused on ensuring that rural Nebraska has the services that it needs. And that is something that I care deeply about and wouldn't support a bill if I thought that it was going to undercut those services. So what I would say is, to that rural Nebraska point, is a couple of things. One is to emphasize again that this only occurs if there's competition or if there's a showing of competition. So there's no competition, then there's no, then this, this pathway to regulatory parity doesn't exist for anyone. If there's no competition, there can't be, there can't be regulatory parity; we're still in this monopoly world that's-- we're there. So that's one. Two is that, that it doesn't impact the carrier-of-last-resort requirements, but it does impact, actually, the USF requirements. And here's what I mean by that. Essentially we have this US, NUSF system and a carrier-of-last-resort system which essentially says-- and there's more particulars that some who will testify behind me could dig into-- but basically the idea is, says, look, this is a utility, you've got to provide this service. But in exchange for you having to provide this service and have to provide service to these people, especially at the last mile where it's really expensive and it's hard to maintain and there's no business case, we're going to give you some USF funds to help. It's, that's the tradeoff. This bill will not take away the carrier-of-last-resort obligations. But if they, if a company does, if, if this application

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is approved or deemed to be approved that there's a competitive environment, they would lose the USF side. So the USF funds would then go in, back-- they would, those funds would go back in the USF and they could be used for broadband grants and the like. So there is some-- I don't think, in my view, that there's a neg-- there's a sort of impact on the rural service, the provision of rural services and may have some benefit, maybe significant benefit, on the size of the USF fund that could be used for grants for broadband development. All that being said-- you know, we've had good conversations, I think, with some people who have some concerns about this bill, many of which I believe have been incorporated into the bill, including the wholesaler and 911, some other provisions, the clawback. And certainly I'm willing to work with the committee, as well as anyone who might testify behind me, as to their concerns to see if we can make any potential amendments to make this bill even better. But I do think, at the end of the day, that we ought to have, we ought not to-- and I think this is a theme of the work of this committee, frankly, and when it comes with 18, LB184 and this convergence of technologies. The tech, telecommunications landscape is changing rapidly. You've got companies over here-- used to do this and companies over there that used to do that, and they're all competing against each other. And we ought to do everything we can, in my view, to ensure that we have equal regulatory treat, treatment. And so with that, I'd be happy to answer any questions that the committee might have. And I would, I will stick around for closing.

FRIESEN: Thank you, Senator Hilgers. Senator Geist.

GEIST: Thank you. You are one fast talker, Senator Hilgers.

HILGERS: The snow's coming, apparently, Senator Geist; sorry.

GEIST: I appreciate you respecting our time. I know that's why you were talking so fast. But if you would just back up and clarify what you said about the backbone service providers.

HILGERS: Um-hum.

GEIST: You said they're explicitly in here. Does that mean they're explicitly eliminated from the competition?

HILGERS: Thank you for letting me clarify, Senator Geist. So on page 4, lines 11-16, it's very explicit. It says, "Any entity's obligations or rights or commission authority under" and then it references some

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Nebraska statutory and federal U.S. Code provisions, and then it goes on to talk about carrier-to-carrier tariff rates, interconnection agreements, etcetera. All that goes to the, really, this carrier-to-carrier, wholesale-to-retail idea. So what I was saying was, to say it a little slower this time and unpack it a little, is there's no deregulation of those, this is not intended to impact any regulation of those agreements.

GEIST: That helps; thank you.

FRIESEN: Thank you,--

HILGERS: Thank you.

FRIESEN: --Senator Geist. Any others? Senator Bostelman.

BOSTELMAN: Thank you, Chairman Friesen. Thank you, Senator Hilgers. This may be relevant, may not, in the sense-- how does, how does this look at keeping from overbuilding? Someone already has a facility in there, and now someone else would come in and overbuild over the top of them.

HILGERS: How, can you maybe clarify that question a little bit? I don't--

BOSTELMAN: Oh, someone has-- hmm-- say they've got copper into an area, and someone is going to go in and put fiber in or someone's going to come in and put wireless in, so we're not using funds to overbuild on existing systems. So if there's a, if there's a wireless system in there that provides the services, that we're not going to come in and put a fiber in that's going to provide the same service.

HILGERS: OK. If I understand your question right, I would say, actually, it probably doesn't impact overbuilding at all because, essentially, what this says is, hey, when we're talking about wire, wired voice services-- voice services, not Internet, but voice services--

BOSTELMAN: Right.

HILGERS: --if you already are built where you've got a competitive landscape, which to me would then imply that there's a market there to support multiple competitors, then what that is allowing one-- the company to do is to say, hey look, deem this competitive so I don't have to have this regulatory burden any longer and treat me like my

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wireless competitors, for instance. So I don't know. There's no direct tie that I can, that I can think of at the moment, that would impact building, overbuilding or not,--

BOSTELMAN: OK.

HILGERS: --I guess,--

BOSTELMAN: All right.

HILGERS: --to answer your question, I think,--

BOSTELMAN: That's fine.

HILGERS: --if I understand it.

BOSTELMAN: OK. That's fine; we can talk more later. Thank you.

HILGERS: OK. Sorry, Senator Bostelman.

FRIESEN: Thank you, Senator Bostelman. Any other questions from the committee? One question. When you were talking about the 911 service-- and obviously the Public Service Commission is going to be able to regulate that.

HILGERS: Um-hum.

FRIESEN: And you're not taking that out. And so 911 service is a 24/7 requirement that has to be met. Isn't that kind of a quality-of-service issue also that we're-- are we exempting them from quality of service, and yet we know we have to have 24/7 911 ability? And so I guess in the past there have been a lot of complaints from some companies about their quality of service. And so if you're, if you're required to have 24/7 911, doesn't that kind of match the, kind of, the service requirements of companies?

HILGERS: No, I think-- I hear your question, Senator Friesen. And what I would say is to the extent that those overlap, I think the bill is very clear, at least in my view. And I'm happy to even make this more clear that, on page 10, the bill says-- or they, where they overlap, 911 wins. So in other words, it says, hey, nothing in this act, on page 10, on lines 11 through 14, should be construed to, construed to impact these sections or impact the commission's oversight over 911 service. So ultimately, I see, where they overlap, I would say that

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the commission would still have, they would still retain that regulatory oversight as it relates to 911 service.

FRIESEN: OK. I think I follow you. All right. Any other questions? Seeing none, we'll--

HILGERS: Thank you.

FRIESEN: Proponents. Welcome.

JOHN IDOUX: Thank you, Chairman Friesen and members of the committee. My name is John Idoux, J-o-h-n I-d-o-u-x. I am CenturyLink's governmental affairs director for Nebraska. I appreciate this opportunity to be here this afternoon with you and express CenturyLink's support of LB617. Now CenturyLink has provided communication services in Nebraska since 1911, and today we operate multiple networks, using multiple technologies throughout the state. Our regulated voice network covers nearly 20,000 square miles of Nebraska, serving large communities such as Omaha, but also smaller communities, including 20 communities with less than 1,000 residents. I want to go off script just a minute and ask for you to think about where you were in 1986. To jolt your memory, Ronald Reagan was president, Top Gun was the number one movie at the box office. Nineteen eighty-six was five years before the fall of the Berlin Wall, and the University of Nebraska in Lincoln still had ten years left to play in the Big Eight. It would be 20 years before Apple introduced the iPhone. But in 1986 was the last time Nebraska laws concerning, concerning telephone regulations were last significantly updated. Now LB617 is indeed a bill about modernizing telephone regulation, specifically modernizing telephone regulation for wired voice phone services offered by CenturyLink and other incumbent providers. Cable and wireless services have not been regulated in Nebraska for more than 30 years, yet traditional wired voice services remain highly regulated. Incumbent companies like CenturyLink are regulated on price, on terms, on standards. We remain subject to regulatory proceedings, investigative dockets, new rules, and potential litigation, all while our competitors operate largely outside the jurisdiction of Nebraska regulation. Now we heard in his committee two weeks ago that over half Nebraska consumers have dropped their landline phone, cut the cord, and receive service from somebody else. But what about the other half? Well, half of them receive it from cable companies or other competitive providers. Today in total, over 75 percent of Nebraska consumers have chosen a competitive alternative, someone other than the regulated legacy carrier, to

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receive their phone service. Specific to CenturyLink, over the past 20 years, CenturyLink has lost over 80 percent of its access lines here in Nebraska, some 430,000 lines that went to competition. And today we serve less than 25 percent of the households in our certificated service area for voice services. Now this bill is not about deregulation. This bill is about the appropriate level of regulation and, specifically, this bill is about the appropriate level of parity regulation. Where CenturyLink faces competition, CenturyLink should be regulated no differently than its competitors, no more or no less. For competitive-- I'm sorry-- for competitive services, competition should replace regulation. Now there's already existing law for cable and wireless services, and codifying the same for business services, long distance services, and Internet services will provide regulatory certainty and limit potential legal challenges. And finally, where there is truly a need for regulation in areas like 911, public safety, interconnection, consumer protection, we argue that all companies should be regulated equally. LB617 is consistent with other states. There is nothing radical about LB617, as it comes from laws that have enacted successfully in other Midwest states, including: Indiana, Kansas, Missouri, Iowa, Colorado, Wyoming, South Dakota. And the regulatory frameworks in those states go way beyond what is proposed in LB617. But all the different connections that businesses and residents need remain as robust and reliable as ever. This bill is not about abandoning rural Nebraska. CenturyLink is not proposing to abandon its rural customers; we're simply seeking to serve rural customers with the appropriate level of regulation. CenturyLink remains committed to rural Nebraska, and we continue to invest millions of dollars in new capital, as well as maintenance, on an annual basis. Nothing in LB617 will allow CenturyLink or any other incumbent to simply walk away. Nebraska state law and FCC regulations will remain fully intact. In conclusion, CenturyLink strongly submits that all providers should be regulated the same in competitive areas. No area in the state will be without regulation. In competitive areas, the consumer will serve as the ultimate regulator. In noncompetitive areas, the commission will have the same amount of oversight as it does today. The commission retains full authority over public safety, interconnection, and consumer protection, while there is no change in statute on 911, exchange abandonment, or service discontinuation. LB17-- 617-- accomplishes these objectives without causing harm to any company. No one can deny the evolution that's gone on in the communications over the last 30 years, but there's been no such

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evolution in the telecommunication laws. We ask for your support of LB617, and I'll take your questions.

FRIESEN: Thank you. Are there any questions from the committee?
Senator Geist.

GEIST: Thank you for your testimony. I just have a question about quality of service.

JOHN IDOUX: Um-hum.

GEIST: That's usually the number one thing that we've heard that the Public Service Commission hears about, and I'm curious if there would be a concern with customers if that would no longer be a priority.

JOHN IDOUX: Absolutely, and thank you for the question. I mean I think to raise those concerns here in this hearing is absolutely appropriate, and to have those discussions to advance where regulation goes from here, I mean, is absolutely critical. CenturyLink, I can tell you, takes this quality of service very seriously. We constantly strive for constant improvement and a positive customer experience. But yes, at times there are challenges. I mean there's no hiding the fact-- and we'll address the elephant in the room-- that we do have a number of customer complaints. I would say that all of our competitors strive, probably, to provide quality service. And most of them, probably, if not all of them, do have customer complaints from time to time. Specifically, I know that CenturyLink has had two formal complaints filed at the commission over the last three years-- just two. And none of them deal with voice service. They're for business services, they're for data services where contracts, where business, business contracts are involved. We work to address those as best we can, but sometimes customers and businesses will have disagreements. We also have informal complaints. I took a look at January, and we had five. Most of those-- we had five on the voice side; we had additional ones on the Internet side. But since this bill deals with regulated voice services, that's what I'm going to focus on, and we had five for the month of January. That's a typical type of month for us. So yes, we have our quality-of-services challenges, and we're going to address those. We try to stay ahead of the curve, as best we can. In those cases, we don't hear anything about it. There's times, times we do get behind the curve, have capacity issues, have-- you know we can't control fiber cuts, we can't control certain aspects of the weather. We can try to build in redundancy. We take those steps, and we try to stay ahead of the curve. LB617 doesn't change any of that. We're doing

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that based upon competitive needs. We face serious, intense competition in our areas, and that's not going to change. In competitive areas where we don't offer quality of service-- like I said before, it's the customer that serves as the ultimate regulator. And then in, in noncompetitive areas, there's no change. This does really nothing on the quality of service. We still have the obligation. It's just, do you want the state to mandate that for competitive areas? And if so, why is only one provider being singled out for these quality-of-service standards? If there is a true need for regulation, whether it's public service 911, why, why place only those regulations on one type of provider? That's like saying the FAA is going to regulate Delta but nobody else. Or why regulate FedEx but not UPS? We're not saying no regulation; we're saying the appropriate level of regulation and to apply that equally on all the providers.

GEIST: Thank you.

JOHN IDOUX: Thank you.

FRIESEN: Thank you, Senator Geist. Any other questions from the committee? So I have a few questions here. So when we were talking about 911 service, is there any regulation in the wireless industry to provide 911 service?

JOHN IDOUX: I would say every carrier has an obligation, whether it's federal or state, to deliver your calls to the PSAP, which is the public service answering point. And once it's delivered there, it's the responsibility of the county, city, or the PSAP center. So yes, sirs, we do have obligations to deliver those calls. And those regulations should be equal to, to all providers, not just a provider that has 25 percent of the market.

FRIESEN: Your 911, I mean if I am not in a service area and I have no service, there's no requirement upon me to provide 911, whereas a landline, if you have service to a residence, you're required to have 24/7 911 access. Is that correct?

JOHN IDOUX: I don't believe there's a requirement for us to have 24/7 access. I mean there's cable cuts, there's out-of-service conditions.

FRIESEN: Right. But the expectation is that 911 service would be there unless--

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JOHN IDOUX: Absolutely. And I think even with LB617, the expectation and the reality will be that, that 911 service will be there. Again, this does nothing for service discontinuation or abandonment and, of course, it can't undo any of the federal regulations that are upon us and our customers.

FRIESEN: I understand that. You know when you-- in the bill here it says when-- if you've reached that 67 percent threshold,--

JOHN IDOUX: Um-hum.

FRIESEN: --then it'll deem that all of your exchanges will be competitive. So in your territory, I guess, if you look at just Douglas County, just that number of households there, would equal 67 percent. And now you're-- all of your exchanges are now declared competitive.

JOHN IDOUX: No, not automatically. And I don't know if, if Douglas County would constitute the 67 percent. With that-- and it was referenced earlier-- just because we have LB617 in front of us and as a pathway, if you will, to regulatory parity, it should not be a foregone conclusion that CenturyLink or any provider of, would, would seek it. Because once we do so, we would lose the voice support that's provided by the NUSF. And with that said, we still have the statutory and regulatory obligations to provide service to each and every one of our customers. So I mean we have had this similar pathway, for example, in Kansas since 2013. We could file a 90-day notice and be out of all commission regulation, including COLR of last resort, in exchange for forgoing the KUSF in Kansas. CenturyLink has not pulled that trigger because we are maintaining that network; AT&T, the bigger one, has. And that's similar in, in Nebraska. It's not an automatic trigger that would we, that we would, we would do so. If and when we do so-- that particular trigger-- we put in some built-in circuit breakers, if you will. It could not happen before 2021. And even at 2021, there's that two-year clawback period for quality of service. That would give this Legislature, this committee-- assuming you're all here-- this would give this committee basically four legislative sessions to make any sort of tweaks, in the event something goes horribly wrong.

FRIESEN: I mean I get the part where you can, the price regulation, the less regulation,--

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JOHN IDOUX: Sure.

FRIESEN: --the process you can go through; I get that. What I have a problem with is the quality of service. And so when you're, when you're saying that all of your exchanges fall under this requirement, I guess you need to clarify a little bit. So you're saying that some of the exchanges that you have in the rural areas would not be taken out of regulations; they'd be kept separate. It says all exchanges would be--

JOHN IDOUX: If--

FRIESEN: --deemed competitive, whether they [INAUDIBLE]--

JOHN IDOUX: If we get to 2021 and decide to use that statewide option, you know, at that point 67 percent of the households have access to at least three competitors, I believe. At what point do we lose our dominance? What, at what point do we lose our market dominance and our monopoly status? I mean 67 percent is a pretty high number. Now in all fairness, we think that this is a critical discussion to have on what the future of regulation looks like. If we need to make changes, if we need to make some, some tweaks to ensure we have the proper balance, we're absolutely willing to do that.

FRIESEN: I'm just, I'm concerned more about the quality of service than I am your price regulation. But--

JOHN IDOUX: And, and--

FRIESEN: That's just something I guess we'll--

JOHN IDOUX: And quality of services is important; don't get me wrong. But I guess I go back to the question, why is it only important for one company?

FRIESEN: Right. OK. Any other questions from the committee? Seeing none, thank you.

JOHN IDOUX: All right; thank you.

FRIESEN: Any other proponents [INAUDIBLE]?

TIM HRUZA: Good evening, Chairman Friesen and members of the Transportation Committee. My name is Tim Hruza-- that's H-r-u-z-a-- appearing today on behalf of AT&T. I'll make my comments very brief

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for you; I know it's been a long afternoon for the committee. We support a provision in this bill that deals with Voice Over Internet Protocol provisions and the safe harbor portion of the bill that it provides, with respect to regulation. At least 34 states and the District of Columbia has, have codified regulatory safe harbors for VoIP and IP-enabled communications. By adopting LB617, Nebraska has the opportunity to join those progressive states and launch a new era of broadband-enabled benefits for consumers and businesses in Nebraska. LB617 recognizes and retains federal preemption of state and local VoIP regulation. The bill will not undermine E-911 or state Universal Service Funds, including funding contributions for both, both, nor will it alter the Nebraska Public Service Commission's authority in interconnection disputes or the state's ability to enforce existing consumer protection laws or to prohibit unfair or deceptive trade practices. The bill will ensure that innovative communications will continue to thrive and grow in Nebraska. Competition will increase so that cost savings will flow to consumers and businesses. Investment in infrastructure will continue, and broad deployment will accelerate. For those reasons we support LB617. We ask the committee to advance it to General File. Thank you.

FRIESEN: Thank you. Any questions from the committee? Seeing none, thank you.

ERIC CARSTENSON: Yes, it's still afternoon.

FRIESEN: Thirty seconds [LAUGHTER].

ERIC CARSTENSON: I was promised I had three minutes [LAUGHTER]. So as I edit my testimony, Senator Friesen, my name is Eric Carstenson. I'm president of the Nebraska Telecommunications Association. Eric is E-r-i-c; Carstenson is C-a-r-s-t-e-n-s-o-n. I'm also registered as their lobbyist. We are here today to, to support LB617. We're regulated, regulated on many different items from the Public Service Commission. And-- but no one can argue that the industry has not changed significantly over the past 30 years. But what hasn't kept pace with how customers purchase telecommunications is the competitive atmosphere and regulation in that atmosphere that exist today. Quality of service is important but we shouldn't regulate it just by regulation. We should recognize that competition also regulates that, and that when a provider has lost dominance in that market, we should be able to let the consumer adjust that, as well. And further, if that kind of regulation is truly in the public interest, why isn't it in the public interest for all of the legacy compare, competitors, which

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are the NTA members? If it's in the interest for them to be regulated, why isn't it in the interest of others to be regulated in that market, as well? Just a little-- since I'm editing quickly, just a real quick of a thumbnail of where our regulatory history came from. The telephone was invented-- and I'm not going to dwell long in history-- but in the 1930s, Congress and this Legislature saw that it was in the public interest for everybody to have access to that device, so they created monopolies. And those monopolies worked pretty well until we fast forward to the 1980s, when Judge Green broke up long distance and AT&T, to the 1996 Telecommunications Act, where we said let's make local exchange providers competitive. And that's where we find ourselves today. Excuse me. But we retained a philosophy of service to everybody, a carrier-of-last-resort obligation, but only for the incumbent and not the competitor. Summarizing, LB617 is not about deregulation, but it's about setting a parity of regulation between all of the companies. This bill doesn't pick winners or losers in Nebraska. No provider is harmed. Now as the association took our position, we had some extremely robust conversations over the last few years on this subject. And I want to bring to you a message that you've already talked a little bit about. And we'd like to work with the committee and Senator Hilgers and the proponents of this legislation to sort of evaluate what the proper kind of threshold should be. I'm-- is it 67 percent? Is it some other threshold? Or is it some other definition entirely? But we'd like to work with, with the committee on that subject. But most importantly, we believe that this bill does retain a level of regulatory oversight for consumer protection and public safety needs. And for these reasons, the NTA encourages you to support LB617, and that concludes my testimony.

FRIESEN: Thank you, Mr. Carstenson. Any questions from the committee? So do you feel those rural areas that are not competitive-- 'cause most of those areas will never have a competitive service you can switch to-- should quality of service be an issue?

ERIC CARSTENSON: I think those rural areas should continue to have the federal responsibilities that the federal government projects for 911 service and those obligations. And where there is a competitor, then, then competition ought to exist. But there are some areas that we really need to evaluate how we get to that very, very last mile. And I'm not sure exactly what that line looks like. That's, that's why we need to work with, with this committee and make some judgments on that.

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FRIESEN: OK, thank you. Any other questions? Seeing none, thank you for your testimony. Any other proponents, LB617? Seeing none, anyone wish to testify in opposition to LB617? Welcome.

MARY RIDDER: Thank you. Good afternoon, Chairman Friesen, Senator Hilgers, and committee. My name is Mary Ridder, M-a-r-y R-i-d-d-e-r. I'm the current chair of the Nebraska Public Service Commission, here to testify in opposition to LB617. Most of us depend heavily on our communications network. When disruptions occur, the results can vary from a mere inconvenience to something much, much more serious. Where the market is truly competitive and where we can count on the dependability and resiliency of an underlying network, further deregulatory policies may be warranted on a case-by-case basis. Unfortunately, for many areas in Nebraska, this is not the case. All telecommunications companies today can already take advantage of a mechanism in our state law to have the commission review and relieve them from rate regulation in competitive areas. Excuse me. Section 86-126 has been utilized only once, in the Omaha area, and it resulted in rate deregulation in the Omaha market. However, we must recognize that while some larger markets may be rate competitive, that does not mean that serious service quality issues don't remain. Competition does not guarantee service quality, and having competition in our larger communities should definitely not be the determining factor to automatically deem every exchange that the carrier serves as competitive, as the bill does. There are many areas of this state where true alternatives do not exist but, by virtue of this bill, would be deemed competitive. The commission strongly believes that all Nebraskans served by incumbent local exchange carriers are entitled to the protection of the commission's service quality rules, including subscribers living in large urban areas like Omaha. What kinds of service quality regulations are we talking about here? Well, very simply, LB617 would remove basic consumer-oriented protections which apply to all carriers, whether incumbent or not, that: require carriers to respond to consumers within certain timeframes on issues such as outages and service problems; prevent price discrimination and unauthorized billing charges; require notice to consumers about increases in basic rates or impending disconnection. It also removes the teeth behind any requirement that carriers fix service problems. Currently the commission has pending cases to resolve service quality issues in Oshkosh, Chappell, Lewellen, and Scottsbluff. One of these examples is a formal complaint filed by a financial institution, alleging service outage issues that have not been fixed. If we don't have the authority to put a carrier's feet to the fire on delivery of

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services, consumers and businesses may be left with subpar service, and businesses may leave the state. The ability of the commission to resolve cases like these for our consumers would effectively be lost. In the Valentine area, thanks to our NUSF funding, we were able to leverage a solution to persistent, long-term, significant service quality problems in the area. The process of deploying a fiber-based solution there will take three years. These are service quality issues the company was not resolving on its own, without specific state support and the threat of a further investigation and, perhaps, penalties. Frankly, we don't believe you would see innovation from the passage of this bill; rather, we're concerned the level of investment would drop off drama, dramatically, particularly in the rural areas where there is truly no other choice. And if you think about it, service quality regulation requires the company to maintain its facilities, something any company should want to do anyway. Because universal service support is tied to broadband-capable networks that also provide voice service, there's no mechanism for allocation of universal service for voice without broadband. Consumers in rural areas where service is deregulated would not see wired broadband investment continue. Fiber deployments which are critical to wireless transmission service, Next Generation 911 service, and other evolving communication services would not occur in those rural areas where network investments are so costly. Twenty-five years ago, Congress set a framework in place to open the local telephone market to competition and to spur innovation. Federal law-- and not state law-- categorizes carriers as incumbent carriers with those obligations they, and with those obligations they receive certain benefits. Some requirements are tied to carrier of last resort, or COLR, obligations, designed to keep the availability of one network operating con, for consumers in a competitive environment. In exchange for this, they have had the benefit of both the federal and state universal service support. In the state universal service program, 80 percent of the support for these law, large carriers must go towards capital expenses for specific broadband build-out projects, and the other 20 percent they can use for ongoing expenses. We believe with the passage of LB617 an incumbent carrier places its ETC designation at risk, jeopardizing their ability to receive federal and state universal service support. Instead, the commission would most likely need to provide support to an alternative carrier in those rural areas, if there is one, which may mean stranded investment and a less desirable single alternative, alternative for rural consumers. Finally, the mechanism in subsection (4) of LB617 to reimpose service quality protections after finding a carrier has engaged in a pattern or practice of inadequate service

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comes at the expense of consumers who have already suffered harm. Service quality issues often indicate where new facilities or resources need to be targeted. It's much easier to keep protections in place than to wait for someone to slip on the ice and then apply the salt. Finally, I'd like to summarize a phone call I received from Rick Wolfenden, a rancher and emergency responder in Cherry County. He told me the phone outages lately are getting extreme. Their landline is totally unreliable; they can't talk to anyone on business because of dropped calls. And he said if there was an emergency, there would be no hope coming from the phone end. I can also tell you about a Scottsbluff Bank. It serves 21 locations in Nebraska and Wyoming, and their service quality issues were affecting the regional hospital, as well, there. And most recently, in rural Ansley, a lady who has Lifeline service, and her poor service quality from her carrier-- the, Lifeline has been calling her list, and she had an ambulance show up in her yard last week. So there would be little need for regulation of our carriers if these examples did not exist but they do, from Omaha to Scottsbluff and in between. Thank you. I went long; sorry.

FRIESEN: Thank you, Commissioner Ridder. Questions from the committee? Senator Bostelman.

BOSTELMAN: Thank you, Chairman Friesen. Thank you, Commissioner Ridder, for being here. Is Mr. Wolfenden-- is that the same individual we've heard--

MARY RIDDER: You have.

BOSTELMAN: --over the summer?

MARY RIDDER: Yes, and he wasn't able to come. He would love to have come today, but he's--

BOSTELMAN: He still does not have service.

MARY RIDDER: Well, he is in an area where there is a project, this Cherry County project. It's a three-year project. We gave \$15 million to that exchange.

BOSTELMAN: I might-- right. My understanding was that was going to get fixed for him, so I'm, I'm--

MARY RIDDER: It, it, it--

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BOSTELMAN: --disappointed to hear that it's not yet.

MARY RIDDER: It will be because it's quite a build-out. And it will start this spring, and his area will be one of the first to receive service. But my point is this is about deregulation, and this is about service quality. And while that is an extreme example of an area that just doesn't have landline basic service, we have other areas in the state. In my home area, it's very important for me to have that type of quality service because I have to have a landline.

BOSTELMAN: Great, thank you.

MARY RIDDER: Um-hum.

FRIESEN: Thank you, Senator Bostelman. Senator Cavanaugh.

CAVANAUGH: Thank you, Chairman. Thank you for your testimony, and I appreciate you outlining in, in detail some of the issues. Is there a version of this bill that you see could work? I mean consumer protection, as Senator Friesen has asked several people today, making sure that the consumers, the people of Nebraska, especially in our more rural areas, have access to technology, have access to services which requires technology, is vitally important. And I don't think anyone here wants to roll that back. So are there any ways to work to address some of these concerns that you have in the bill, because Senator Hilgers did mention that at the, in his opening?

MARY RIDDER: I guess I look at this-- I take issue with what the premise of the bill is, that Nebraska hasn't modernized its telecommunications regulation for a long time. State statute may not have changed dramatically. FCC is the umbrella organization that much of that has to come from there. But within the commission, we've done quite a bit. And I've been on the commission for just slightly over two years, and our price caps and our rate-of-return carriers now have, I would say-- we have much better transparency and accountability with them, them, from them than we had in the past. So in terms of how we regulate, I would say we're certainly modernizing. What we regulate, though, is still quality of service. And I just see that that's what's at issue here for me.

CAVANAUGH: Thank you; appreciate that.

FRIESEN: Thank you, Senator Cavanaugh. Any other questions? Senator Albrecht.

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ALBRECHT: Thank you, Chairman Friesen. Can you help me understand? I know that Senator Hilgers would like to just have Omaha and Lincoln kind of carved out of this. So but the rest of the state would be like applying the standards. Can you tell me if that would be an issue?

MARY RIDDER: I don't think that's how the bill is written, though. If it's--

ALBRECHT: I mean I guess I don't see Omaha and Lincoln spelled out in here. I was going to ask him about that.

MARY RIDDER: It talks about percentage of customers in an exchange.

ALBRECHT: Fifty, sixty-- um-hum.

MARY RIDDER: Up to 60. Once it hits that certain level, and certainly it's up to a company whether they apply for it. But the companies are supporting this, so I would assume that they would apply to have their exchange deemed competitive and that would be the entire exchange, competitive. So maybe it, it starts in Omaha and then it goes throughout the state.

ALBRECHT: But I guess also it looks like this has been worked on for some time. And if there has, it looks like it's almost a whole new bill. So was this brought up last year, too? I mean I'm brand new to the, to the committee. But is this a-- did you talk about this last year?

MARY RIDDER: I think a version of this was brought up last year. It's my--yeah. I, I would, I understand there are a lot of states that have deregulated to, to a great degree. And sometimes, when it's something you want to do, you look at a lot of other states doing it, and you say, hmm, we should be doing that. And sometimes when you look, a lot of states doing something and you don't want to do it, you say, well, I don't want to do that; I don't have to follow the crowd. What I look at is how does it benefit Nebraska. I was at NARUC last week in Washington, D.C. It's our national regulatory policy meeting. And it's a great time to network, like you do with people in your work. So I talk with a lot of fellow commissioners about what-- we all say, what are you doing? What are you working on? And I have conversations about telecom which, yes, a lot of states barely touch telecom. But we got deeper into that conversation this time, and I said why we do it. And I was told by chairs of commissions and other commissioners, good for

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you, don't let it go. Service quality is an issue everywhere, and we have the ability to do something about it in Nebraska.

ALBRECHT: Well, I guess my concern would be the rural areas that we are taking care of. And we're taking care of our consumers, so thank you.

MARY RIDDER: But my concern is not just rural areas; it's the whole state.

ALBRECHT: It certainly is. But if Omaha and Lincoln are carved out, and we aren't, we're obviously regulating for the rural areas a little bit more or allowing them to do what they need to do. So thank you.

FRIESEN: Thank you, Senator Albrecht. Any other questions from the committee? Seeing none, thank you for your testimony.

MARY RIDDER: Welcome.

FRIESEN: Any other opponents who wish to testify on LB617? Seeing none, anyone wish to testify in a neutral capacity?

TIM GAY: Thank you, Senator Friesen and members of the Transportation Committee. My name is Tim Gay, T-i-m G-a-y. I'm here on behalf, representing Charter Cable Communications. I'm pinch hitting, so take it easy on me. With the weather, Jeremiah Blake-- he was going to speak to you-- had to take off to pick up a child, so that was more important than this. But anyway, I wanted to just comment a little bit. Last year when this bill was introduced as LB573, Charter was very engaged in those conversations and has been this year, as well. We appreciate Senator Hilgers working with us, and we just want to bring up one small point. Charter right now is in negotiations. We want to raise a point on the issue concerning the assignment of certain telephone numbers, or Virtual NXX, or VNXX. These, these, these things-- basically we expressed a willingness, with Senator Hilgers, to work on it, but we have four cases where we're working on this with local carriers and trying to get issues done. Many are doing this. We would just want to make sure this is still included in the bill. It was brought to our attention that it wasn't, and we'd just like to have the opportunity, in the future, to sit down with Senator Hilgers and the committee to work on that and bring it to your attention. So we just wanted to get on record with that issue. That's all.

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FRIESEN: Thank you, Mr. Gay. Any questions from the committee?

TIM GAY: Thank you for--

FRIESEN: Seeing none,--

TIM GAY: Thank you.

FRIESEN: --thank you. Anyone else wish to testify in a neutral capacity? Seeing none, Senator Hilgers, do you wish to close?

HILGERS: Yes, briefly. Thank you, Mr. Chair. Although I was reminded by a good friend that I said I would open briefly and I took 15 minutes, so I'll try to do better this time around. Let me first say-- and I appreciate Commissioner Ridder being down here and the work of the PSC. And let me first be very explicit that I don't, I view the PSC as doing an, really an outstanding job in a number of areas, and they have modernized in a number of areas. And my statement as to modernization had nothing to do with their general work or even their work in this area. But I do think that our, in this particular narrow area, our regulatory regime has not matched what has happened in the marketplace. And in that piece, I don't believe we've modernized. But I certainly think that the PSC has done great work, and I understand they're opposed here and the reasons why. But I, I don't want to cast any negative light on the work that they've done. Let me briefly address Senator Albrecht's comment as to Omaha and Lincoln. And so there's not a carve out. The whole premise of this bill is, if competition, then we shouldn't-- we should treat everyone the same. And what it says is-- and this is on page 6, lines 5-9, it refers to the metropolitan class and city of the primary class, which is our statutory way of referring to Omaha and Lincoln. What it, what it says is we're going to presume that Omaha and Lincoln are competitive. So that means, if this were to pass, then when it's effective, then in Omaha and Lincoln they'll, those regulatory requirements will go away because they will be presumed competitive. That doesn't mean they're carved out; it just means that they'll just-- initially we can say, as a matter of policy, they're competitive. The other areas aren't presumed competitive and, if there's a showing that they're competitive, then the deregulation would occur. So that's Senator Albrecht. Senator Friesen-- and I want to-- I think this didn't quite clear come, it didn't come through at all, I think, in my testimony, and I want to make it clear. There's actually two mechanisms in the bill to get towards deregulation. The primary one, which is the one that I'm most interested in, is the one that I spent the time on,

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which is discussing-- in any particular area, if you recall, if there's-- I, I had sort of that, that, that's if an entity has under 50 percent market share or over-- or two households have-- or over 60 percent of the households have two or more providers, then in that area, they can, that specific area, they can be deregulated. There's another provision which, Senator Friesen, you've touched on, which is this idea about the 2021. If after 2021, that if some, one provider has 67 percent of their area is competitive, therefore, the whole area gets competitive. And I, and I share your concern, Senator Friesen. I think that's sort of a, it's sort of-- it might be a bridge too far, and I would be willing and look, looking at that and even modifying it or potentially taking it out of the bill. And I understand those concerns, and I share many of them. So assuming that we're in the world where Senator Friesen's, that portion is out of the bill, it's just that then what's really left is the quality-of-service question. And I, and I appreciate Commissioner Ridder's point about, hey, there's all, there's these issues at various points. And I would say that they're, every entity out there is going to have quality-of-service issues. And assuming that that part's out of the bill, and we're not in a world where we're in a rural area where it's, there's a monopoly; and this doesn't touch them. If we are in a competitive world, which this bill assumes, that language is stripped out. Then the question isn't-- in my view, the question is not, well, should we. It would be one thing if the question was, let's either treat everyone, let's regulate everyone and say, no matter what provider you are, you need to be regulated or say no matter what provider you are, you don't need to be regulated. That'd be-- those would be one question. That's not the question that this bill addressed. This question says, in a competitive world, if you have a quality-of-service issue, we're going to treat you separately, and we're not going to regulate you. And-- but you over here, you're competing against those individuals, so we are going to regulate you. And I think that's the question that LB617 addresses. Now the committee might disagree and say we should regulate all of them or we should not regulate all of them. But I don't see a justification for saying, in a competitive marketplace-- if it's not competitive, again, I'm not talking about it-- in a competitive marketplace, why you should say, well, you have some problems so you should be regulated but your competitor does not. I just don't see a policy justification for that. And so with that, I'm happy to take any other questions the committee might have. And I appreciate your consideration today, late in the day. Thank you.

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FRIESEN: Thank you, Senator Hilgers. Any questions from the committee? Seeing none, thank you. We do have a letter of support from Frontier Communications, and a letter in opposition from Nebraska Farm Bureau. With that, we will close the hearing on LB617. And we will open the hearing on LB693.

HALLORAN: May I have some water? This is going to take a while
[LAUGHTER].

FRIESEN: OK, I think we're ready. You may begin.

HALLORAN: Good afternoon. Excuse me. Good afternoon, Chairman Friesen and members of the Transportation and Telecommunication Committee. Just for the record, I've had five text, text messages from members on the committee, asking if I can talk as fast as Senator Hilgers. I'm going to do my best [LAUGHTER]. For the record, my name is Senator Steve Halloran, S-t-e-v-e H-a-l-l-o-r-a-n, and I represent the 33rd Legislative District. I'm here today to introduce LB693 to the committee for your consideration. I intend to keep my remarks brief this afternoon. I know everyone says that, but I want to allow more times to the individuals that follow me. The telemarketing and call centers industry in the United States generated \$23 billion in business in 2018. As a citizen and a businessman, I clearly recognize that this is an important industry to the United States economy. My intention with LB693 is not to harm the telemarketing industry, but rather to help the industry and help protect the good people of Nebraska. Spoofing has become the scourge of the "repeatable" telemarketing companies and people who receive these types of phone calls. The act of spoofing has exploded in recent years. Spoofing is the act of commercially available technology or service to alter the name and telephone number that appears on the party's, called party's called ID display. This changing of the number and source location ID poses significant risk not only to the person receiving the call, but also to the person or business whose number has been spoofed. So it looks like a local number and it may even be a number you recognize, say a local business or a friend. When you pick up the phone, it ends up being a telemarketer or, even worse, a person trying to scam you out of your money or personal information. We, we all have received these calls and we all are frustrated by receiving them, as evidenced by numerous number of e-mails and phone calls my office has received in support of LB693. I could share story after story, and maybe there will be some shared here today by others who follow. For the sake of brevity, I want to share one particularly disturbing call that was

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relayed to my office. A couple was home when they received the phone call listing the phone number and location ID of Bryan hospital. This call was very concerning because this couple, currently at the time, had a family member being treated at Bryan hospital. One can imagine, one can only imagine the anxiety this brought on when the telephone number and location ID came up on their television screen. Upon answering the call and finding out it was a telemarketer trying to sell, sell them something, the couple became infuriated. I was, I was told a few choice words were exchanged when the call, with the caller on the other end of the line, followed by the slamming down of the phone. Luckily it was a home phone and not a cell phone. In a conversation I had with an individual in the industry about LB693, they relayed that they don't, that they don't like spoofing any more than the rest of us. It's bad for our business. Quote-- When people no longer want to pick up their phone because they don't trust the number or location ID on the incoming call, we lose business-- end of quote. There is current federal legislation called the Truth in Caller ID Act of 2009. However, it has its limitations, so Congress is currently working on legislation called the RAY BAUM'S Act, which I handed out to the members of the committee. As all things federal, this will take some time to work its way through the federal process. So several states, including Kansas, Florida, Michigan, Pennsylvania, and South Carolina, just to name a few, have taken it upon themselves to draft and pass legislation to protect their citizens. LB693, in its original form, mirrors, mirrors several of these state legislations. After additional research, conversations, and meetings with the Attorney General's Office, my office created the following white copy amendment, AM305, to LB693, which addresses some of the constitutional and enforcement concerns. LB693, with AM305, seeks to protect Nebraskans from annoying and potentially dangerous spoofing calls and helps protect the reputation of legitimate telemarketing companies. Thank you for your time. While I am willing to attempt to answer your questions, there may, however, be individuals following me who are better suited to answer those questions.

FRIESEN: Thank you, Senator Halloran. Are there any questions from the committee? Seeing none, I think I will make a comment that I think we are all very annoyed when that happens, and it's happening more and more.

HALLORAN: Well, I was going to do something that probably would have been perceived to be not very courteous, courteous, courteous or polite to the committee. I was going to start my introduction. Then I

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was gonna grab my phone and pretend that I was getting a spoofed call, but that got-- it was-- discretion being the better part of valor, I didn't do that.

FRIESEN: It is very irritating. Thank you, Senator Halloran.
Proponents, anyone who wishes to testify in favor of LB693.

TIM SCHRAM: Good afternoon, Chairman Friesen and members of the Transportation and Telecommunications Committee. My name, for the record, is Tim Schram, T-i-m S-c-h-r-a-m, commissioner for the 3rd District, representing the Public Service Commission. I'm here to testify in support of LB693. According to First Orion, a company that provides caller ID and call-blocking technology, nearly half of all cell phone calls in 2019 will come from scammers. Caller ID spoofing was the number one complaint at the FCC last year and is one of the primary issues faced by the Federal Trade Commission and the Department of Justice. In 2018, the FCC levied roughly \$250 million in fines for violations of the Federal Truth in Caller ID Act. Caller ID spoofing refers to a practice where the calling party uses commercially available technology to falsify the telephone number from which the call is made, the name of the calling party, or both, as they appear on the called party's Caller ID screen. Neighbor spoofing is when the call appears to be transmitted from a recipient's own local calling area, making it more likely the call will be answered. Neighbor spoofing has become more prevalent as scam artists realize many people no longer answer calls from phone numbers with unfamiliar area codes. By spoofing local phone numbers or information into caller ID devices, scam artists hope that their calls will appear familiar enough to entice the recipient to answer. Caller ID spoofing violates federal law if done so with intent to defraud, cause harm, or wrongfully obtain anything of value. However, enforcement is difficult, particularly because most of these calls are Internet-based or coming from overseas. Finding the source of these calls is difficult, if not impossible in some cases, depending on the technology used. Because this is a problem borne out of changes in technology, the industry is working to implement a technology-based solution, a call-certifying protocol among carriers to identify the call's origination and verifying process. Most major carriers have committed to having this in place by the end of 2019. With this initiative, if a call is not authenticated, the call would be flagged. However, this measure requires a cooperation from all carriers involved and may not be effective for internationally spoofed calls. Some carriers have developed call-blocking or verification apps which

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may reduce the number of spoofed calls. Carriers are also allowed to block a call if it appears that the call is coming from an unassigned telephone number. A handful of states have their own version of Truth in Caller ID laws. Some states, however-- excuse me-- some state laws, however, have been struck down in federal court because they were broader or in conflict with federal law. As such, we have concerns about our ability to investigate these calls, and we would recommend making sure that LB693 is consistent with federal law to ensure that enforcement activities are on sound legal footing. That being said, we thank Senator Halloran and the cosponsors for bringing this bill, and we fully support strengthening the state law to give us more tools to assist our federal counterparts where we can, where we can, in curbing these abuses. Thank you, again, and I'm available for any questions you may have.

FRIESEN: Thank you, Commissioner Schram. Any questions from the committee? Senator Cavanaugh.

CAVANAUGH: Thank you, Chairman. Thank you for your testimony and for being here this evening. So as we've sat here, I've also gotten like multiple-- my phone just keeps buzzing, which is why I have it on "do not disturb." And-- but when I was working to get to this place, I had my old cell phone number that I've had since I graduated college, you know, like a year or two ago; it's been a while. And, and I didn't want to get rid of it so I got a local number on the same phone. So I got it through Google. Is that, is that what we're talking about? Is that this kind of thing or is that something separate? It's my first question.

TIM SCHRAM: Well, as I indicated in the testimony, spoofing is, is hard to determine. And like I said, a lot of times they'll use prefix numbers or numbers that you may be familiar with--

CAVANAUGH: OK.

TIM SCHRAM: --in getting those calls but-- and like I said, some of them are domestic, and many of them are-- originate from international locations.

CAVANAUGH: And would this bill, in your estimation, preclude different entities such as Google? And I, I-- honestly I'm sorry. I'm, I'm not well versed to know if, if they can track that. I, I feel like it's attached to my e-mail, so it would be tracked.

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TIM SCHRAM: Well, all calls have to be originated and switched from some location.

CAVANAUGH: Right.

TIM SCHRAM: So the, the industry-- I know the FCC is working very hard. And Chairman Pai, in November, sent a letter to the industry, asking for the carriers' help in working on this. So from the federal standpoint, the FCC is working diligently on it. And again, I want to thank Senator Halloran and any effort we can make at the state level to help our consumers in the state. However, as I stated, it's, it's very difficult to determine the origination of these calls.

CAVANAUGH: OK. I, I don't want to keep everybody here all night with my series of questions, but it is kind of spurring more questions about how we're, or if we are able to regulate these sort of numbers, like the one that I have, tracking the calling and all of that. So-- but it sounds like it's a separate issue from what we're discussing here. I just was looking for some clarification.

TIM SCHRAM: Well, I mean if you're getting calls that you don't want from numbers that, you know, are not legitimate calls, for the course that you're, you know, the course of doing business.

CAVANAUGH: Yeah. Oh yeah; sure, I get those. These ones are from my original phone number--

TIM SCHRAM: Oh, OK.

CAVANAUGH: --and that I'm getting.

TIM SCHRAM: And what's the message when they call you?

CAVANAUGH: They don't leave a message.

TIM SCHRAM: OK.

CAVANAUGH: Yeah. So anyways, I just was curious if it was with more-- I think there's going to be, we're going to see more people moving towards that sort of like g-mail phone number system, especially younger people. And if that's part of this, I just wanted to be [INAUDIBLE].

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TIM SCHRAM: Yeah, the, the spoofers are, they're very good on technology, and they, they've been entering all platforms of communication.

CAVANAUGH: He's texting already.

TIM SCHRAM: Good.

CAVANAUGH: OK; thank you.

FRIESEN: Thank you, Senator Cavanaugh. Any other questions from the committee? Seeing none, thank you for your testimony. Opponents? Welcome.

MEGHAN STOPPEL: Good evening, Chairman and members of the committee. My name is Meghan Stoppel, M-e-g-h-a-n S-t-o-p-p-e-l, assistant attorney general and chief of the Consumer Protection Division in the Nebraska Attorney General's Office. I'm here to testify in support of LB693. The Attorney General welcomes the enactment of new statutes to protect consumers from the barrage of unwanted calls they receive on a daily basis. But we must ensure that any new legislation is both effective and constitutional. After consultation with Senator Halloran, we believe the amended LB9-- LB693 achieves both of these objectives. It seeks to prevent spoofing with the intent to defraud, cause harm, or wrongfully obtain anything of value, and is therefore consistent with the Federal Truth in Caller ID Act. This is important because Caller ID spoofing is not, per se, unlawful. And almost any attempt to make it so would likely be challenged under the First Amendment and struck down. As amended, LB693 gives enforcement authority to the Attorney General, in addition to the Public Service Commission. It makes a violation of LB693 a violation of Nebraska's Consumer Protection Act and incorporates, by reference, the statutes we use to investigate and enforce such violations. This is important because it fills a gap that currently exists in Nebraska law. The Attorney General has authority already to enforce the federal Truth in Caller ID Act. But neither federal law, nor existing Nebraska law, gives the Attorney General the investigatory tools, such as subpoena power, necessary to find those responsible for illegal spoofing. As amended, LB693 does. State attorneys general are on the front lines of helping consumers who are harassed and scammed by unwanted calls. Robocalls and telemarketing calls are currently the number one source of consumer complaints at many of our offices, as well as at both the FCC and the Federal Trade Commission. In response, we bring enforcement actions, both in our individual capacity and collectively

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with the U.S. Department of Justice and the Federal Trade Commission. For more than four years, we have been a loud and sometimes critical voice in the fight to make call blocking a reality for consumers. In September 2014, 39 attorneys general asked the FCC to clarify whether federal law was interfering with efforts by the private sector and consumers to implement call-blocking technology. Ultimately, in June 2015, the FCC clarified that federal law does not prohibit voice service providers from offering, upon a consumer's request, services intended to block unwanted calls. And in July 2017, 30 attorneys general responded in support of the FCC's proposal to allow voice service providers to block several types of obviously spoofed calls, such as those originating from unassigned numbers or impossible number combinations. We are seeing tremendous strides in call blocking. As acknowledged in the FCC's staff report on robocalling, released just this past Friday, stopping illegal calls before they reach consumers is especially important. Because unlike legitimate callers that may adhere to state and federal calling laws, these nuisance callers will not be deterred by the prospect of enforcement action and are especially difficult to locate. Call-blocking solutions therefore remain our best weapon in the fight against illegal robocalls. Still we believe LB693 is an appropriate response to illegal spoofing, as it enables our office to take meaningful steps to address the rapid proliferation of these annoying and unwanted calls. We thank Senator Halloran and the cosponsors of this legislation for their support in this important fight. I will now stand for questions.

FRIESEN: Thank you. Are there any questions from the committee?
Senator Geist.

GEIST: Yes, thank you for your testimony. And I just have a question, just because of my ignorance about call-blocking technology. Is that something that is put on outside of the individual by a company? Or is that something on our individual phone that we can block a call?

MEGHAN STOPPEL: So it's both; it can be both. And it depends on what type of phone line you're talking about, if you have a cell phone or if you're talking about a landline. For landline service providers, it's typically a service offered by the service provider. So if you're a CenturyLink customer, typically the consumer would call CenturyLink and say, what type of call-blocking services do you provide. Usually it's something like, you know, anonymous call rejection, whereas if the caller ID display is going to come in and show anonymous at the bottom, they can deploy a service on the front end that says to that

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caller, nope, your call's being rejected. You're not displaying caller ID information, so this caller has opted not to receive those calls. It could be something like selective call acceptance where you tell your service provider, like CenturyLink, these are the only phone numbers I want to receive calls from. There are physical devices landline consumers can attach to their jack in their home. They're less popular. From experience, our, you know, our division, when we go out on the road and we do mobile offices or the State Fair, we typically encourage people to call their service provider first. And if that doesn't work, or that service provider doesn't offer options for call blocking for landlines, then go to the physical device, see what's going to work well in their situation. For cell phones, it's a completely different analysis. I mean there are so many apps out there that you can go to your Google Play store or your iTunes or your Apple store and download onto your phone. We get questions all the time now about, well, which one's better than the next one, and can you make a recommendation. And while we have our thoughts about which ones are better-- and some have certainly been around longer than others-- we can't make endorsements, so we can't give consumers that advice. We always tell people go look at the ratings, look at the reviews, look how long they've been around. There are certain states and certainly federal-- actually the FTC works with certain apps, to feed them complaint information for the purposes of allowing them to improve their blacklists, and a blacklist is something that's just a list of phone numbers that have been known to be associated with scam callers. So there's a lot, a lot of options for mobile device users, less for landline users.

GEIST: OK, thank you.

FRIESEN: Thank you, Senator Geist. Any other questions from the committee? Seeing none, thank you for your testimony.

MEGHAN STOPPEL: Thank you.

FRIESEN: Welcome.

DANNY DeLONG: Ready? Chair Friesen and members of the Transportation and Telecommunications Committee, my name is Danny DeLong, D-a-n-n-y D-e-L-o-n-g, and I'm here today, testifying as a volunteer on behalf of AARP Nebraska and our nearly 200,000 Nebraska members. Older adults are increasingly the targets of scam artists on the telephone who use deception, fear tactics, and lies to convince the elderly to send money or provide personal account information. According to the

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Federal Trade Commission, the top six spam call types reported by consumers include: reducing one's debt, dropped call or no message, vacation and time shares, warranties and protection plans, calls pretending to be government businesses or family and friends, and medical prescriptions. It is not uncommon for elderly consumers to be harassed into buying worthless products and services they did not want or need. Scam calls are getting more frequent, as we've heard from prior testimony right now. According to a September 2013 Washington Post article, the number of robocalls in the U.S. has gone up 219 percent since 2015, to 3.47 billion calls per month. By next year, nearly half of all calls to mobile phones will be fraudulent, according to a new report from telecommunications firm First Orion. The company analyzed data from more than 50 billion calls over 18 months to get a snapshot of what they call the scam call epidemic. Here's what they found. In 2017, only 3.7 percent of calls to cell phones were fraudulent. In 2018, that number reached 29.2 percent and it's expected to climb to 44.6 percent in 2019. The report estimates that nine in ten scam calls will come from a familiar area code in 2019, in other words, spoofed calls. According to another study, 84 percent of unknown mobile calls go unanswered. This can be a real problem, as I think you mentioned, Senator Halloran, for legitimate businesses trying to reach their customers. I, for one, don't answer any calls that aren't in my phone directory. Leave a message or don't, but I'm not going to, I'm not going to talk to you if I don't have your number in here already. So if I have a bank that's using a different number-- my bank-- well, I'm not going to get that call but they can leave a message and we're good to go. As an example of the problem, I'll use my own situation, and it-- and Senator Geist, it goes to your question. I use Norton Mobile protection's call blocker feature as an app on my phone. I pay for it. I blocked my first number with the app on 1-7, on January 7, 2017. Right now, just over two years later, my call blocker app shows 418 blocked numbers, numbers that I have personally blocked, About a year ago, I noticed that I began receiving new calls from my own exchange, 402-239 and 402-223 and 402-228-- I'm from Beatrice-- but mostly from my mobile exchange, 402-239. About half the time, the call would come in with a name connected to the number. Twice the name was someone whom I knew, but I had already had their real number in my directory, so I knew the caller was using a spoofing technology. I've had calls come in that say 402-239 and say they're from Jamaica. I've had calls come in from names that couldn't possibly be names of people who live in 402-239. As of today, 146 numbers of the 418 blocked by my phone are 402-239 numbers; 35 percent of my blocked numbers are the same first digits as

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my phone. Seventy-- 328 of 418 blocked numbers are 402 numbers. Seventy-eight percent of these blocked numbers in my phone come from the area code 402. I'm guessing most of those numbers are spoofed. Thank you for the opportunity to comment on this important legislation. We encourage the committee to support and advance 69, LB693. I'm happy to answer any questions.

FRIESEN: Thank you, Mr. DeLong. Any questions from the committee? Seeing none, thank you for your testimony.

DANNY DeLONG: Thank you.

LARRY D. TeSELLE: Thank you for a long evening. My name is Larry D. TeSelle. That's L-a-r-r-y, I use a middle initial D, T-e-S-e-l-l-e. I have a lot of the same stuff in front of me that you just heard. I'm not going stay on that. You, you all receive them; you don't need to have me on that. But I'm here because of one that really concerned me. I got a call last Saturday from Alaska. A father was calling me and said he had received a call from my phone number, my actual 402 phone number and told him that his daughter was in trouble on the interstate and needed help. Well, you know what they were asking for-- financial assistance. I understand he would, why he really wouldn't give me his phone number, because he wouldn't, for sure. We talked quite a while, and it's just a parent concerned for their daughter. And my phone number was used, whereas what position did that put me in. And that's all I'm gonna say. I've got a lot of notes on-- I average at least two calls a day. That's all I'm gonna bring up, so--

FRIESEN: Thank you for your testimony. Are there any questions from the committee?

LARRY D. TeSELLE: Yeah.

FRIESEN: You know we've all been receiving, I think, the same number of calls you have. So thank you for your testimony. Any others who wish to testify in support of LB693? Seeing none, anyone wish to testify in opposition to LB693?

ERIC CARSTENSON: Good evening, Senators. It is-- I am Eric Carstenson. I'm the president of the Nebraska Telecommunications Association. That's Eric, E-r-i-c, Carstenson, C-a-r-s-t-e-n-s-o-n. I'm also, also registered to lobby for the NTA, and we're here today to oppose LB693. Look, we acknowledge that we're all getting bombarded with, with spam calls. You might find it funny. I sat down to compose my thoughts, my

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phone rang, I answered it. There was a horn; I'd won a cruise. I find it just ironic as all get out that that happened while I'm preparing this testimony. So we acknowledge it's, it's a problem and we want to help to fix it, too. What the page is handing out to you is several things that are happening on the federal level, both at the FCC and in Congress. The FCC has made robocalls and spam elimination a major priority in legislation proposed by Senator Thune. Actually has some really interesting names to it. It's called SHAKEN/STIRRED [SIC]. The "SHAKEN" stands for Secure Telephone Identity Revisited [SIC]. The "STIR" stands for Secure [SIC] Handling of Asserted Information Using Tokens [SIC]. And what that means is it's a technology that an identifier will be put on the data that begins to transmit your telephone call. And if the legislation passes, it has to conform and fit into this technology prescribed, prescribed by Congress. And that gets really to the root of why the NTA opposes this legislation. Now I saw the white copy, but I saw it briefly this morning and I didn't see it in time for our committee to have an opportunity to look at it. It's better, but our-- I still see a problem with a patchwork of different state regulation which creates duplicate, duplicative and more difficult to manage regulation from state to state. Because the federal government is taking action, we would encourage you to encourage the federal government, through resolution or, or whatever appropriate vehicle, to encourage the Congress and the FCC to take action, however, not to advance LB693 in its current form. With that, that concludes my testimony.

FRIESEN: Thank you, Mr. Carstenson. Any questions from the committee? Seeing none,--

ERIC CARSTENSON: Thank you.

FRIESEN: --thank you for your testimony.

JULIA PLUCKER: Good evening. Chairman Friesen, members of the Transportation and Telecommunications Committee, my name is Julia Plucker, J-u-l-i-a P-l-u-c-k-e-r. I am the executive director and registered lobbyist for the Nebraska, Nebraska Cable Communications Association. We are here in reluctant opposition to this testimony. I say reluctant because we also recognize the issue with spoofing. I had six calls as I was sitting in my office waiting to come over here to testify, and they are a source of frustration for everyone. Mr. Carstenson said a number of things that I was going to say, so I'm going to skip all of that so we can get out of here. But there are a number of things going on at the federal level. The FCC has stated

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that stopping unwanted robocalls, including spoofing, is their number one, top consumer protection priority. To that end, they have sent out correspondence to all of the major telecommunications providers. Members of our association have responded to that and, in both letters from our top two providers, they indicate that something will be done on this issue. They're working towards technology to help this issue in 2019. But our concern with doing a state patchwork of bills is the burdens that it would place on our companies. And we hope that the committee will give the FCC time to regulate this issue. That's it. I'll, I'll stop here and answer any questions.

FRIESEN: Thank you, Ms. Plucker. Any questions from the committee? Seeing none, thank you for your testimony. Any other opponents who wish to testify? Seeing none, anyone wish to testify in a neutral capacity? Seeing none, Senator Halloran, would you like to close?

HALLORAN: Well, I would like to thank the Transportation and Telecommunications Committee and those who testified, for and against this bill, for their time today to discuss LB693. The telecommunication industry's been effectively hijacked, right? I mean when we stop answering our phones because we don't want to deal with someone calling us and misleading us, spoofing us, whatever the issue might be, trying to sell us, trying to create, to create fraud against us, and we stop using the phone, it has just undermined the whole and all the advances telecommunications has made in the last several decades. It's been hijacked; it's been pirated. I can, I, it's quite a compelling argument to wait for the federal government to do something. I have, I have misgivings and maybe somewhat less confidence that the federal government's going to act quickly on this. But in the meantime, I think this bill has merit, and I'm willing to work with anybody to make it a better bill. But with that, I would like to close and encourage you to pass LB693 to General File.

FRIESEN: Thank you, Senator Halloran. Any questions from the committee? Seeing none, thank you.

HALLORAN: You want to go home, don't you?

FRIESEN: We do have, we do have a letter of support from Terry Jessen, Oshkosh, Nebraska; the Nebraska State Grange; and a letter in opposition from the Consumer Data Industry Association. That will close the hearing on LB693. And we'll close [RECORDER MALFUNCTION].