

Transcript Prepared by Clerk of the Legislature Transcribers Office
Transportation and Telecommunications Committee January 28, 2020

FRIESEN: OK, everyone, welcome to this afternoon's public hearing of the Transportation and Telecommunications Committee. I'm Curt Friesen of Henderson, chairperson of the committee, and I represent District 34. A few things I'll ask is that you please silence all your cell phones or electronic devices. We'll be hearing the 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 two on-deck chairs of front here, and that way you'll be ready to go when your turn comes. If you will be testifying, I would ask that you 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. When you begin your testimony, it is very important that you clearly state and spell your first and last names slowly for the record. If you happen to forget that, I will stop you and ask you to do that. We will use the light system. We will give you five minutes. Green light means you start, the yellow light means you have one minute left, and when the red light comes on, I'd ask that you wrap up your testimony. Those not wishing to testify may sign, sign in on a sheet by the door that indicates their support or opposition to a bill. And with that, my staff is Tip O'Neill, committee counsel, and Sally Schultz, the committee clerk. And we have Ashton and Michaela as our pages, and I thank them for being here. And with that, we'll start our introductions to my right.

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

ALBRECHT: Hi, I'm Joni Albrecht from northeast Nebraska: Thurston, Wayne, and Dakota Counties.

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

CAVANAUGH: Machaela Cavanaugh, District 6: west-central Omaha, Douglas County.

FRIESEN: Today-- here comes the Senator DeBoer and she can introduce herself. We will be having-- Senator Geist will not be present today, and Senator Hughes might join us a little later.

DeBOER: I'm Senator Wendy DeBoer. I'm from District 10, which is Bennington and northwest Omaha.

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FRIESEN: And with that, I will turn it over to Senator Albrecht, and we'll start with LB961.

ALBRECHT: OK. Go ahead and start with LB961.

FRIESEN: Members of the committee, my name is Curt Friesen, C-u-r-t F-r-i-e-s-e-n, I represent District 34. And I'm the introducer of LB961, a bill that creates a level playing field in the consumer car rental market. LB961 would ensure that all entities that are making car rentals available to the public operate under similar laws. This would include traditional car rental companies like Hertz or Avis and so-called peer-to-peer car sharing companies which provide car rentals through internet application. These companies, like Airbnb model for housing rentals, put automobile owners and prospective drivers together through an app-based model. These bills-- this bill recognizes the unique insurance needs of car owners and drivers when they share cars through this model. The insurance and consumer protections designed for these entities are based on a framework developed by the National Conference [SIC] of Insurance Legislators, or NCOIL, and other stakeholders. In addition to the insurance requirements and the liability provisions, the bill provides for record keeping required by the program, disclosures required by the program to vehicle owners and authorized drivers, and responsibility for program-installed equipment. Vehicles subject to safety recalls are also covered. There are provisions relating to identify-- identity verification, and finally, the sales and use tax to be collected would be on the total rental price of the vehicle and would be collected by the program's operator. We aren't trying to forestall innovation by introducing this bill. Our goal is to ensure that all companies in the car-rental or car sharing business operate under a similar framework that allows for a level playing field in the marketplace. I would ask the committee to delete Section 18 from the bill as I believe regulation by an airport of car sharing applications goes a little too far in what we should be trying to do. I urge you in advance of the LB961 to General File, and I would be happy to answer any questions.

ALBRECHT: Thank you. Do we have any questions for Senator Friesen from the committee? Seeing none, will you be waiting till the end--

FRIESEN: I'll be waiting.

ALBRECHT: --for comment? Thank you. Do we have any proponents wishing to speak to LB961? We have some chairs up front here, if you'd like to get on deck. Hello.

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RYAN THISTLETHWAITE: Hello. My name is Ryan Thistlethwaite, R-y-a-n T-h-i-s-t-l-e-t-h-w-a-i-t-e. Yes, it does go on that long.

ALBRECHT: It does. OK, go right ahead. Thanks.

RYAN THISTLETHWAITE: Good afternoon, members of the committee. My name is Ryan Thistlethwaite, I am the group controller for Enterprise Holdings here in Nebraska. Our company owns the Enterprise, National, and Alamo car rental brands, and has operated in Nebraska since 1992. I appreciate the opportunity to be here and voice our support for LB961, sponsored by Chairman Friesen. The goal of LB961 is to carefully craft a responsible regulatory framework on behalf of both consumers as well as car rental and car sharing service providers. This, in turn, will help ensure fairness and transparency in the highly competitive mobility marketplace. As a result, we sincerely hope the committee will support the bill. I can assure you that Enterprise loves Nebraska. We invest here, we hire people here, and we pay taxes here. We're committed to this state and we currently employ 450 Nebraskans at more than 22 locations around the state, with a fleet of nearly 4,300 cars. We are also very bullish about being excited about the future of our industry and what technology, what technological advances are doing to innovate new ways of delivering transportation services, particularly in our industry. This includes what is commonly referred to as a peer-to-peer car rental. This business model allows private individuals to share their cars, SUVs, and trucks with online platforms, which in turn publicly advertise and rent those vehicles to consumers via a retail transaction. Unfortunately, peer-to-peer platform owners tend to exempt itself from standard taxes, fees, and other regulations. It's critical, therefore, to ensure that the policy framework around such a business model adequately protects consumers, car owners, and the revenue streams for the states and cities. We believe LB961 achieves this goal. First, the legislation creates a framework that recognizes unique insurance needs of his business model. Since there are three parties to the process-- the vehicle owner, the business platform and the renter-- legislation is necessary to outline who is responsible when and for what. The insurance language is modeled after a language adopted by the National Conference [SIC] of Insurance Legislators, NCOIL, last December. Second, the NCOIL model language included in LB961 serves to ensure consumers of peer-to-peer rentals have the same protections, such as contract disclosures as consumers of other rental car companies. Third, LB961 also clarifies that the business platform is the entity required to collect and remit taxes due on the transaction. It is generally accepted that the peer-to-peer transaction generates a sales tax liability either by the vehicle owner or the platform. This bill

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ensures that the platform who receives payment is required to collect, and not the individual vehicle owner. Therefore, on behalf of Enterprise, we again thank Senator Friesen for introducing LB961. We believe this bill has great merit and will allow the peer-to-peer market to thrive while maintaining a robust competitive marketplace. In fact, Enterprise is taking a serious look at entering the peer-to-peer space, assuming, of course, that proper and fair regulations are in place. We at Enterprise think-- or appreciate your allowing us the opportunity to share our views. I would be happy to take any questions the committee may have. Thank you.

ALBRECHT: Thank you. Do we have any questions of the committee?
Senator Hilgers.

HILGERS: Thank you, Senator Albrecht. Thank you for being here today. A couple of questions. One is, so there's not-- there's no statutory framework in Nebraska currently that directly covers peer-to-peer lending, is that correct?

Correct.

HILGERS: Or peer-to-peer rental, is that correct?

RYAN THISTLETHWAITE: Correct.

HILGERS: So in your view, does that mean it's just an unregulated industry or that there-- it needs that empowering legislation in order for it to, for consumers to have those types of transactions?

RYAN THISTLETHWAITE: Yeah. Our view is that it's, it's a, it's a new industry or a new, a new model for our industry, that it just, it needs some sort of legislation to ensure that from a consumer standpoint, whether they rent through a peer-to-peer or whether they rent through a traditional rental car company, that what they see is-- they see the same transaction and that they're, they're getting the same protections from both, from both, I guess both sides of the same, of the same transaction. So whether it's through a rental car transaction or whether through peer-to-peer, the consumer is going to see the same thing and have the same protections.

HILGERS: But as, but as of today, can people, can people do it in Nebraska?

RYAN THISTLETHWAITE: Yes, they can do it in Nebraska. So it is, it is operating currently.

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HILGERS: So this is not really empowering legislation. This is putting a regulatory framework around it?

RYAN THISTLETHWAITE: Correct.

HILGERS: OK. And then are there any states that have-- I think I heard maybe you and Senator Friesen both say this, there is-- this is based on some model language, is that right?

RYAN THISTLETHWAITE: Yes. So there's the-- most of the bill is based on model language from NCOIL, which addresses the, the insurance and-- side of it. And then there's also the taxation piece that's added onto the NCOIL model.

HILGERS: Are there any states that have implemented either an NCOIL model or any other regulatory regime?

RYAN THISTLETHWAITE: There are states that have implemented different varying versions of models or-- of the legislation. I believe Maryland, Indiana, Ohio, and, I believe, Colorado have already enacted some forms of legislation.

HILGERS: And I heard you say that Enterprise would be, would look at entering into the peer-to-peer space, assuming that there would be some regulation in place. Are-- in those states that you ref-- just referenced, is Enterprise operating a peer-to-peer model?

RYAN THISTLETHWAITE: We're not operating in any of those states in this, in this market as of yet. But as with any other model of, of being a mobility provider, we look at all viable options.

HILGERS: OK. Thank you.

RYAN THISTLETHWAITE: Thank you.

ALBRECHT: Thank you, Senator Hilgers. And Senator DeBoer.

DeBOER: Can you tell me, other than the insurance piece, who is responsible making sure that someone has that-- you've mentioned a lot of these consumer protections. What other consumer protections are there? Can you enumerate those for me again?

RYAN THISTLETHWAITE: So the other consumer protections that we, that would be in the bill would be, you know, the same, what's, what's defined by the Safe Rental Car Act, the federal legislation. When you look at consumer protection from a contract disclosure from us, what, what a consumer expects to be a safe and well-maintained vehicle,

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whether that deals with routine maintenance, recalls, issues like that, to make sure that the consumer is-- when they-- again, going back to when they see-- when they're renting a vehicle, whether they rent it from a traditional rental car company or a peer-to-peer, they're gonna assume that they have the same, that they're getting the same product, and to make sure that both, both models are operating under the same guidelines.

DeBOER: OK, thank you.

ALBRECHT: Thank you, Senator DeBoer. Senator Hilgers again.

HILGERS: Thank you, Senator Albrecht. I, I haven't dug fully into the language here, but would this apply to traditional rental car companies as well, or is this regulatory framework just for peer-to-peer?

RYAN THISTLETHWAITE: The traditional rental car companies are pretty much operating under this framework as it is.

HILGERS: Are there any material-- are there any portions of this that are materially more, materially more strict--

RYAN THISTLETHWAITE: No.

HILGERS: --or more onerous or more expensive for peer-to-peer versus traditional rental car?

RYAN THISTLETHWAITE: No. No, we, we-- actually traditional rental car companies would operate under more strict guidelines than what this is.

HILGERS: Thank you.

ALBRECHT: Other questions? Senator Bostelman.

BOSTELMAN: Thank you, Senator Albrecht. So explain to me-- we have the vehicle, the company, and the renter or the customer.

RYAN THISTLETHWAITE: Correct.

BOSTELMAN: So who's the company? Is that something that the owner of the vehicle sets up themselves?

RYAN THISTLETHWAITE: So are you talking from the, on the peer-to-peer? So you have--

BOSTELMAN: Yes.

RYAN THISTLETHWAITE: --you have a individual owner. You have a, what we would refer to as a platform that initiates, or I guess not initiates, but brings the two-- so you, you have an individual that's renting the car, an individual owner, and then the platform would bring those two together.

BOSTELMAN: That platform being?

RYAN THISTLETHWAITE: The platform being a company, they run a website, they sign up users.

BOSTELMAN: So as the owner of the vehicle, what, what is their-- I guess-- are they an LLC, are they an S corp [INAUDIBLE] ?

RYAN THISTLETHWAITE: Just individuals.

BOSTELMAN: All right, thank you.

RYAN THISTLETHWAITE: It could be, could be-- I mean, their individuals could be anybody who signs up, who, based on their, I guess, their, their rules on their-- on who they allow to be on there, could be anyone.

BOSTELMAN: OK, thank you.

ALBRECHT: Any other questions? OK, so I'm going to go off of Senator Bostelman's, if you don't mind. So, so the person has a vehicle that he's going to let somebody else drive.

RYAN THISTLETHWAITE: Correct.

ALBRECHT: And you say there's that platform?

RYAN THISTLETHWAITE: Yes.

ALBRECHT: So the person who owns that car is going to have to have the insurance?

RYAN THISTLETHWAITE: So that's what a lot of this, of what the legislation says, is who's responsible for carrying insurance, who's, who's responsible for--

ALBRECHT: So--

RYAN THISTLETHWAITE: --the liability and all that, so--

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ALBRECHT: So who would be responsible if I want to rent your car?

RYAN THISTLETHWAITE: So that's where, you know, the, making sure that the, the, the coverage that the individual has, whether they can purchase it through the platform as, as additional insurance or whether-- or defining whether the platform should have to cover that insurance for the, for the owner.

ALBRECHT: OK. So at what point do you decide whose responsibility it is?

RYAN THISTLETHWAITE: I'm not sure on the exact timing of when that--

ALBRECHT: Because like if I go to rent a car today, I'm gonna sign on the bottom line that it's my insurance that's going to be responsible for the damage of that car, correct?

RYAN THISTLETHWAITE: Correct.

ALBRECHT: So is it the same type of situation with this, that it's still going to be on me?

RYAN THISTLETHWAITE: Yeah. So as a driver, you would still, your insurance would still be primary. So this has to do with the platform and the owner of the vehicle, not the driver. So like in a typical rental car transaction, the owner's driver-- the owner's or the driver's insurance would be primary. And if that-- but not every driver has full insurance.

ALBRECHT: Uh-huh.

RYAN THISTLETHWAITE: So if that doesn't have, that's what this is defined as, who's, who's responsible after that.

ALBRECHT: And has it ever made a problem, with people who do this in other states, with the insurance companies, like if, if it was my car and I'm going to let you rent it--

RYAN THISTLETHWAITE: Sure.

ALBRECHT: --and your insurance for some reason doesn't cover it, or maybe you showed me that you have insurance, but you don't, and I didn't check and then it becomes my problem?

RYAN THISTLETHWAITE: I don't know if there's been specific issues in other states with that happening. I can speak directly to us as a, as a traditional rental car company, as when a, as a driver's insurance

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isn't covered. And this would be more in a liability sense, standpoint where a renter of our vehicle gets in an accident with somebody else and there's a liability with a third party, is if the renter's insurance does not cover or isn't, isn't appropriate to cover that accident or the damages, us as the owner, we have liability in that situation, as we are the owners of the vehicle.

ALBRECHT: OK. All right, any other questions? Seeing none, thank you for being here today.

RYAN THISTLETHWAITE: All right. Thank you.

ALBRECHT: And do we have any other proponents wishing to speak? Proponents?

KORBY GILBERTSON: Vice Chair Albrecht, members of the committee, for the record, my name is Korby Gilbertson, it's spelled K-o-r-b-y G-i-l-b-e-r-t-s-o-n. I'm appearing today as a registered lobbyist on behalf of the American Property Casualty Insurers Association and the League of Nebraska Municipalities, in support of LB961 on two different angles. As you heard Senator Friesen talk, this bill has a couple different portion-- parts to it. The first part I'll talk about is the insurance language, which is modeled after the NCOIL model, which was something that was worked on by insurers, rental car companies, and the peer platforms, which, to give you an example, Senator Bostelman, one would be Turo, is one of the names of the companies that provides these services. So this was a lot like what happened back-- and most of you weren't here then when we fought the fight of Uber. And back in the day, we had-- Uber did not have any regulations in the state, and so different groups worked together to try to establish some minimum standards for insurance for those ridesharing companies. Well, now we have expanded into car sharing, which is along the same vein. It's that you contact someone, you rent their car through this platform. And it's arguable, there's arguments on both sides whether or not they're a facilitator or just a platform, things like that. But the basics of LB961, on the insurance portion of the legislation, is that there should be some nationwide standards for the insurance requirements for these companies because many of them operate all over the country, so that, that having that same language would be preferable to having a patchwork in different states. I know there have been some comments about some people that have-- received comments this morning that there are some groups that would like some alternative language in here. Obviously, I think we're willing to sit down and talk with them. But PCI has been one of the groups that has been very involved in the NCOIL model and so wants to protect kind of the bulk of that language from going forward. The second part of the

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bill is the taxation portion of the bill. And if you look at the, the fiscal note-- which I find interesting because they say it's going to be zero-- and that, I'll tell you, is most likely because none of this is reported right now. That's not reported how many rentals go on in the state, there's not-- it's not reported how many hosts-- is what they call the car owner-- that, that puts their car on the platform. But last year, there was a bill that just dealt with the taxation portion on this in Revenue. And at that time, Turo testified that there were currently, last year, over 300 hosts and 19,000 Nebraskans registered as potential renters. So my guess is, this number might be a little larger than zero, if that is the number of people that are registered to participate in this. And the League is very interested in making sure that, if there are taxes that are being paid by the rental car companies, that this is the same type of procedure and the same, same type of transaction, that it should also be taxed and collected. With that, I'd be happy to answer any questions.

ALBRECHT: Thank you. Any questions from the committee? Senator Hilgers.

HILGERS: Thank you, Senator Albrecht. Thank you for your testimony. Are you kind of familiar with how these peer-to-peer lending--

KORBY GILBERTSON: So my understanding of what happens is if you go, if you look up on your computer right now and you can type in Turo, you can go into their app and rent a car from them for a specific period, but you're renting it from an individual rather than a company. However, it's my understanding that there are more and more companies getting involved in this and putting more commercial vehicles into the, into the platform rather than just personally-owned vehicles. I don't think it's that big of a deal here yet in Nebraska, but I think that's why the industry is trying to work with the other parties to come up with some language across the country to start a regulatory framework for this.

HILGERS: How do you-- so currently, if it's a-- if you can-- we don't need empowering legislation, as the first testifier said, so people could do this in Nebraska currently.

KORBY GILBERTSON: Right.

HILGERS: So let's say they have it-- let's say I use this, this lending platform to give, let someone use my car, and they have a terrible driving record and they get in an accident. How is it currently covered? I mean, I know the insurance contracts differ, but--

KORBY GILBERTSON: So currently--

HILGERS: From the industry perspective, what's a standard contract? How does it deal with it?

KORBY GILBERTSON: So under, for-- companies like Turo actually provide an umbrella for their, for their, the people that are renting their vehicles. So there is an umbrella coverage for those vehicles through Turo. They require their hosts to purchase one of three levels of insurance to cover them. Otherwise, the host's insurance would cover it. And unfortunately for those hosts, once you take your regular vehicle that you drive for personal use and rent it out, it is now being used for a commercial purpose. And you very well may not have insurance for it. So this bill would help protect both sides, both the people that are renting their cars and the people that rent them, from unexpected accidents and costs that are related to those.

HILGERS: Because in that example, that company may, may require an umbrella. But there's nothing that requires them to require an umbrella insurance policy. And so if there's--

KORBY GILBERTSON: Not--

HILGERS: --another company--

KORBY GILBERTSON: Right.

HILGERS: --and I use that company, that app to get, to rent out my car, and my pol-- unbeknownst to me, I haven't looked at the policy, they say, no, that's-- this doesn't apply, it's not, it's a coverage exception or it's void or whatever it might be, I'm out of luck potentially.

KORBY GILBERTSON: Right. And that's, I think that's why companies like Turo have been involved in the talks with NCOIL and the rest of the interested parties to try to come up with a regulatory framework that will work for everyone.

HILGERS: Thank you. Thank you.

ALBRECHT: Thank you. Anyone else want to speak? Senator Bostelman.

BOSTELMAN: Thank you, Vice Chairwoman Albrecht. I'm on Turo now. I pulled it up, I'm looking at it. I can't get very far deep into it, just because you have to start logging in and passwords and that. But looking at this, what I'm seeing and what it looks like, and I'm on the renter's, I would go on the consumer side of this. And you

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mentioned some, it looks like I can set up a profile or an account. Is that right? And in that--

KORBY GILBERTSON: Right.

BOSTELMAN: So my question leads to the fact, or to the point of if I'm the renter, how do I know that that person who's renting is-- doesn't have a bad driving record, has insurance, you know, has a driver's license? As once-- is that-- one, is that information loaded in there? And then, two, is that somehow checked through that state where that license, driver's license should be? In other words, do I have to scan my driver's license in there? Is there a check on that so that I, as the renter, know this is a legitimate person, know this person does have insurance, know this person is a good driver?

KORBY GILBERTSON: Right now, no, there's no requirement that any of that happen. There are companies like Turo and others that have been around for a while that actually do some of that. However, you know, there are different peer-to-peer platforms popping up all the time that don't do the same thing. And that's part of this bill. There's language in there that requires record keeping, requires that the vehicle is maintained. One other issue was the recall issue. Rental car companies are required to have that vehicle off the road within 24 hours, based on federal statutes. This would be, I believe, 72 hours to make sure that car is, for safety recalls, removed from the road. There's Unfair Trade Practice Act legis-- language in here that would potentially protect, help protect consumers or at least give them some type of recourse.

BOSTELMAN: Well, I make-- I think that makes some sense on the consumer side. I'm on the, on the person who has the vehicle, for their protections, for what they have, because I don't see the person. I don't, I don't have any idea, anything about that individual per se. So I'm at risk, 100 percent, if you will, by, by renting out that vehicle to that person, where if I go to a rental car company, you know, they see my ID, they see my insurance. You know, I agree, I fill out a form, I sign for it. Here, I'm just kind of curious about-- it seems to me that it's, it's a, a pretty high risk on those who wants to lease out or rent out a vehicle to somebody.

KORBY GILBERTSON: Right. And having never rented my vehicle through that platform, I don't want to guess about what the different companies do. But I do know there are a couple of them here today to testify. So you might ask them what they do to protect the people. But it's much like when you sign up to do Uber or Lyft, you get on that

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app, you put in your credit card information and all of your information and then you just connect to that ride.

BOSTELMAN: Sure. OK, thank you.

KORBY GILBERTSON: So.

ALBRECHT: Again, any other questions from the committee? Seeing none, thank you.

KORBY GILBERTSON: Great. Thank you very much.

ALBRECHT: Any other proponents wishing to speak? Any other proponents? Any opponents wishing to speak?

WILLIAM DANE: Good afternoon, distinguished members of the committee. Thank you. My name is William Dane, spelled W-i-l-l-i-a-m, D-, as in dog, a-n-e. I am here today representing Turo in opposition to LB961. I thank you for the opportunity to speak today. Turo is the largest peer-to-peer car sharing marketplace with 526 customers sharing their cars in the state of Nebraska. Car owners and neighbors meet through our online app-based platform and arrange to share a car. These owners, we call them hosts, are able to earn a little extra income to help cover the cost of car ownership. And drivers, which we call guests, choose from hundreds of different makes, models, and price points as they look for the exact car, truck, or SUV necessary to meet their needs or to take them on their next adventure. I want to make a clear distinction. There are fundamental differences between the rental car industry and the peer-to-peer car sharing industry. First, it's important to remember that Turo does not own, operate, buy, or sell any vehicles, or fleets of vehicles for that matter, in Nebraska or anywhere else, and thus does not benefit from the extraordinary tax exemptions that traditional rental car companies enjoy in most states. In Nebraska, for example, rental car companies are exempt from the 5.5 percent-plus sales tax on vehicles purchased, a loophole worth more than \$21 million each year. The 526 hosts I just referenced utilizing our platform in Nebraska, sharing their personal cars, on which they have paid the state sales tax at the time of purchase, as well as subsequent annual registration costs and fees, our data estimates they've paid approximately \$555,000 into the state's coffers just purchasing their vehicles. Simply put, applying another tax on these transactions results in a triple tax on Nebraskans seeking to make ends meet using their own personal property. A Turo host is paid sales tax on the purchase of their car and pays income tax on any earnings. Adding one more transaction or rental car tax is unfair when the rental car industry does not have the same obligations. In an effort

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to create parity, this bill results in an unlevel playing field tilted greatly in favor of the much larger traditional rental car industry. A recent study, which I will provide to the committee following testimony, released by the state of Colorado, details the chilling effect of unnecessary excise taxes and the effect that they can have on an emerging mobility business like peer-to-peer car sharing. The study shows that while the rental car industry enjoys inelastic demand, the opposite is true for peer-to-peer car sharing. Demand is very elastic, and a too-high consumer cost ultimately will slow or eliminate our growth. Please note that peer-to-peer platforms, especially Turo, but all alike, are not seeking to fly under the radar and avoid regulation. In the last year, Turo led the effort to collaborate with the American Property and [SIC] Casualty Insurance Association, APCIA, to draft model legislation addressing insurance, safety, and consumer protection concerns and obligations. In December, the National Council of Insurance Legislators, NCOIL, adopted this model language, offering legislative framework for peer-to-peer car sharing. I will also provide each member of the committee with a copy of the NCOIL model for your review. While LB961 uses some of the language from the model, there are fundamental deviations that undermine the veracity of the final product. On behalf of Turo, I appreciate Senator Friesen's willingness to listen to our concerns when we've had discuss-- discussions around this issue with him. I'm more than happy to continue the dialogue. Turo is committed to partnering with all of you to enact a solution for peer-to-peer car sharing in Nebraska that makes sense for hosts, guests, and the state. And I thank you for your time.

ALBRECHT: Thank you.

WILLIAM DANE: I can answer questions.

ALBRECHT: I'll check for questions. Senator DeBoer.

DeBOER: Thank you. Thanks for being here. I think you sent me a message earlier and I missed it, so sorry. You say you objected to the deviations from the model language. Can you tell me what deviations there are in LB961 from the model language that are [INAUDIBLE] and important to you?

WILLIAM DANE: Fundamentally, it's, it's-- there are attorneys who are going to speak after me and give you the more finite detail specifically. The consumer protection clauses, the, the insurance framework, the safety vehicle recalls, all, all of that is in the model, all of that Turo is, is already doing. It's, it's the change, it's the deviation from the model of [INAUDIBLE] itself. And they are

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significant. I don't, I don't want to speak, you know, compare and contrast, because there's not so much time and I'm not an attorney. So I kind of defer to the next speaker.

DeBOER: OK, so someone will then be able to speak to this?

WILLIAM DANE: Yes.

DeBOER: You don't object to the insurance portion of this bill, though?

WILLIAM DANE: No.

DeBOER: And you don't object to the recalls and having your vehicle in working condition portion?

WILLIAM DANE: So let me answer that a little bit differently. I'm a host. I put my vehicle on the platform, and I own my vehicle, obviously. As the owner of the vehicle, I am notified immediately if there's a safety recall. That's, that's the legis-- federal legislation. Rental car, traditional rental car fleets are the owners of their vehicles, so they're notified immediately if there is a safety recall. Under Turo's operating agreement with me as a host, I am-- so the requirement is on me. When I receive a safety recall, I have to remove it from the platform immediately. For Turo to do a rolling-- or any peer-to-peer car sharing industry to do a rolling check of safety recalls, it's, it's overly onerous simply because there are two providers that can check that information, and not just in Nebraska, but nationwide, worldwide, so many cars that it, it's just, it's nearly impossible.

DeBOER: So-- so you are a host, is that right?

WILLIAM DANE: Yes.

DeBOER: How long have you been hosting?

WILLIAM DANE: About a year.

DeBOER: OK. How long has Turo been around, do you know?

WILLIAM DANE: Twelve, thirteen years.

DeBOER: Oh, wow. OK. And how, like how often have you hosted your car?

WILLIAM DANE: So I'm a little bit different than the average Nebraskan host. I am based in Phoenix. I was based in Texas when I began

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hosting. I would say five, six days a month, probably, is the average. Usually when I'm traveling or I know I'm not going to be somewhere, there's a calendar, I can say it's available. I set the price. I, you know, decide what level of protection I want so that I guarantee I'm not out of pocket any, any money if the guest were to have an issue. And I've had nothing but great results. I'm also the one that, you know, everyone shouldn't be that buys new cars every two years. So I'm probably still paying on the car I bought six years, even though I'm not technically. And it's been great. It's, it supplements my car payment, my car insurance. And I have not had any, prior to being employed with Turo, I had no-- and since then-- I never had any trouble at all.

DeBOER: What's your position again at Turo?

WILLIAM DANE: I'm the government relations manager.

DeBOER: OK.

ALBRECHT: Senator Hilgers.

HILGERS: Thank you, Senator Albrecht. Thank you for being here. I do want to just make sure I understood your response to Senator DeBoer's testimony, because I heard your testimony saying, hey, there's a bunch of big deviations from this model language and this is bad. And when Senator DeBoer asked you what specifically, I know there's lawyers behind you, but can you conceptually, can you point to anything, other than the tax scheme, that, that gives you pause?

WILLIAM DANE: The vehicle, the vehicle safety recall requirement, the 72, I think it's-- that that, that that is, is overly onerous [INAUDIBLE].

HILGERS: And that's a deviation from the NCOIL?

WILLIAM DANE: Yes, yes. It is a deviation. Fundamentally, I know I'm missing a couple that are-- it's, it's not so much that each bullet itself, it's, it's the change in language that isn't necessarily tilted toward consumer protection or, or the safety of the host or guest or their asset. It's tilted toward dissolving an emerging mobility solution.

HILGERS: OK. Well, that doesn't-- OK.

WILLIAM DANE: I--

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HILGERS: So the recall, I'll ask the people behind you, I mean, I'm not trying to put you on the spot--

WILLIAM DANE: You're fine.

HILGERS: --but I did hear your testimony being very specific or saying, at least what I took away from you, that there's major deviations. And so I just, I got the recall, and I'll ask people behind you. So one question I had, I wanted to make sure this record was clear. So you said the taxing point, I understood the parity tax taxing point to be rental car companies don't pay sales tax on the, on the cars that they purchase, is that right?

WILLIAM DANE: Right.

HILGERS: And that individuals who are hosts on your platform do pay sales tax, is that right?

WILLIAM DANE: They're-- yes. Absolutely.

HILGERS: On the cars that they purchase.

WILLIAM DANE: They, just like you or I would.

HILGERS: So when you are-- and you have your, you're a host in Arizona, is that right?

WILLIAM DANE: I am.

HILGERS: So when you get on this platform and someone rents your vehicle through the platform,--

WILLIAM DANE: Uh-huh.

HILGERS: --do they, are they paying any tax on, on the rental?

WILLIAM DANE: Currently in Arizona, no, they're not.

HILGERS: It, now, if I were to rent a car in Arizona, would there be rental car fees?

WILLIAM DANE: On--

HILGERS: A rental car.

WILLIAM DANE: -- a rental car?

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From the, from the retail perspective. So if I go to a-- so let's take Nebraska. Let's use a hypothetical in Nebraska. So if I go to, if I go rent a car at Eppley Airfield or the Lincoln Airport here--

WILLIAM DANE: Yes.

HILGERS: --there are rental car fees to the end, to the customer, to me. I go, I go to Hertz, I rent a car, right?

WILLIAM DANE: Yes. Correct.

HILGERS: But if I use Turo in Nebraska, do the-- are there rental car fees that are added onto that rental?

WILLIAM DANE: There is not a rental car tax--

HILGERS: There is not.

WILLIAM DANE: --on Turo in Nebraska.

HILGERS: Isn't that the more applicable comparison in terms of tax parity, to say the rental cars have got these rental car taxes and you don't, and not the other comparison you were making, which is they have-- they don't pay sales tax on the vehicle and the customer does?

WILLIAM DANE: I understand what you're saying. Respectfully, I would, I would argue that as a host, if I, if I'm assuming I live in Nebraska, I'm paying a sales tax on the vehicle, not making anywhere near that amount of money back. And the rental car company is exempt from that sales tax. And it's a huge loophole.

HILGERS: So it's sort of a-- oh, go ahead. Sorry.

WILLIAM DANE: No, you're fine.

HILGERS: So the-- you, I think you mentioned that, you said excise tax, I think you cited a study that excise taxes decrease usage. Is that what I, I mean-- I mean, I under-- the general point that taxation can reduce behavior of some activity, I understand. But was there a specific study that you cited that excise taxes in this context will reduce rental competition--

WILLIAM DANE: Yes.

HILGERS: --in this marketplace?

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WILLIAM DANE: And I will, I will send it to you in full, following my testimony.

HILGERS: And just so I'm clear, is that specific to the rental car fees paid in the end customer or sales taxes paid on the purchase of a vehicle in the first place?

WILLIAM DANE: Both.

HILGERS: OK.

WILLIAM DANE: Both. It compares and contrasts both.

HILGERS: OK, thank you. Oh, sorry. Go ahead.

WILLIAM DANE: It compares and contrasts both.

HILGERS: OK, Thank you.

ALBRECHT: Senator Cavanaugh.

CAVANAUGH: Thank you, Senator Albrecht. I apologize, I'm not super familiar with Turo or peer-to-peer ride sharing. So I'm just trying to catch myself up--

WILLIAM DANE: Sure.

CAVANAUGH: --on what this all is. So from an employment standpoint, are Turo employees-- can-- are Turo hosts considered employees?

WILLIAM DANE: No.

CAVANAUGH: And I know some states are working on that with other ride sharing things. Is that something like in California that Turo employee-- Turo hosts would be--

WILLIAM DANE: No.

CAVANAUGH: --considered employees by California's standard?

WILLIAM DANE: No.

CAVANAUGH: OK.

WILLIAM DANE: They would not be.

CAVANAUGH: So-- and then following up on Senator Hilgers' question about the taxes, can Turo-- and maybe you can't answer this, I don't

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know your, how well-versed you are in this-- but if you are a Turo host, can you count your car as a business expense so part of your car payments could be written off?

WILLIAM DANE: Personally, I wouldn't. I don't know what other hosts are doing. I'm not making enough money to justify the write-off. It wouldn't offset, nor am I operating, you know, more than one vehicle as a host.

CAVANAUGH: OK. And then the sales tax of rental cars. When rental car companies purchase cars, you said they don't pay sales tax?

WILLIAM DANE: They do not pay sales tax, there's a tax loophole.

CAVANAUGH: But is that for across the country because--

WILLIAM DANE: There are states that, that they do not benefit from that loophole. I'm gonna say--

CAVANAUGH: But in Nebraska they do?

WILLIAM DANE: In Nebraska, traditional rental car companies benefit from that loophole.

CAVANAUGH: OK, thank you.

ALBRECHT: Thank you, Senator Cavanaugh. Senator Bostelman.

BOSTELMAN: Thank you, Vice Chairwoman Albrecht. It's a little hard for me to hear, so I'm going to ask you a question you already answered. It's just for my clarification.

WILLIAM DANE: That's fine.

BOSTELMAN: So I, so I hear. So we were talking about hosting before. And you host and you said something about I believe maybe you live in Phoenix or somewhere.

WILLIAM DANE: Yes, sir.

BOSTELMAN: So my question, though, is this, is can I-- how many vehicles can I host, and can I host vehicles in multiple states? So can I-- if I live here, and I know you live in Phoenix, but I have a car that, that's, you know, at your location that I can have available. I mean, can you do it in multiple places? Do you know?

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WILLIAM DANE: I don't believe it would be theoretically possible to do so. Speaking personally as a host, there is a little bit involved in it, you know, but think of the upkeep that you maintain on your personal car. And I'm, I'm pretty strict on that. So I'm washing it and ensuring the maintenance is kept up after every trip. So, so, no, it's not, I'm not-- I have not seen the data to answer that, you know, with any data, but from the perspective of just kind of my experience, no. And I think if you're kind of questioning [INAUDIBLE] perspective, could someone drop, say, 15 cars across the country or 20 or 50 or 100? They probably could. Keeping up with it would be impossible and just completely unfeasible.

BOSTELMAN: Financially. Sure, I understand.

WILLIAM DANE: Absolutely.

HILGERS: Question on, I guess just on your experiences as far as the vehicles. Have you had issues with a vehicle that's returned that's had damage or something like that? And if so, how do you handle, how is that handled?

WILLIAM DANE: I have had two issues, and I say issues, it was handled beautifully. One, it was-- someone had smoked inside of it and it was obvious. And so I spoke to the guest and we negotiated a cleaning fee that I thought was fair. And it was just a, you know, peer-to-peer conversation through the app. I didn't involve Turo. The second, there was a minor accident about three weeks after I bought my new car, and a guest drove over a ladder on the freeway. And I turned that in to Turo claims and they, they paid for the damage.

BOSTELMAN: Thank you.

ALBRECHT: Any other questions? Seeing none, I have just a couple. OK, so you said in Nebraska you felt like there are 526--

WILLIAM DANE: Five hundred and twenty-six active hosts in Nebraska.

ALBRECHT: And how long has that been going on? For a number of years or--

WILLIAM DANE: It grows fairly steadily, year by year. I don't quite remember the number last year. I wasn't working for Turo in the early part of 2019. I want to say it was in the high 200s--

ALBRECHT: OK.

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WILLIAM DANE: --that were registered as hosts. It might have been low 200s-- not, not many [INAUDIBLE].

ALBRECHT: OK. So do they sign a contract? Do the hosts sign a contract with your company?

WILLIAM DANE: So if you registered your vehicle on the, on our platform-- I'm glad you asked that-- it would be like signing a contract if you were going through Airbnb, for example. You're going to scroll through, go through terms and conditions. You have to show that-- you have to provide your VIN number, your driver's license, your car insurance information. And there are-- you didn't quite ask this, but I do want to say there are a variety of protection plans, as a host, that you can choose from,--

ALBRECHT: OK.

WILLIAM DANE: --the average being-- and Turo is going to take a piece of the-- say the daily fee on my car is \$100. I have the highest protection plan, which covers everything, including normal wear and tear. So Turo is taking 35 percent or \$35 of the \$100 daily rental. Out of that, they're paying normal wear and tear as in the infamous ladder incident, which wasn't quite normal wear and tear. It did a little bit more damage than that. So if I get a rock chip or a window chip, it's, its covered.

ALBRECHT: It would be covered. So, so it's not the host's insurance, it's Turo's insurance--

WILLIAM DANE: That is absolutely right.

ALBRECHT: --that's covering you.

WILLIAM DANE: That is absolutely right. Turo is paying out, not the host's insurance. That may not be the case with other peer-to-peer platforms that are, are not operating in Nebraska that may be operating elsewhere. But in this situation, Turo is going to cover the damage as it-- the li-- third-party liability up to a million dollars supplied by Liberty Mutual on every transaction. If there's damage to the vehicle, Turo is going to pay.

ALBRECHT: OK, so--

WILLIAM DANE: It's not the host's insurance.

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ALBRECHT: --as a guest and I ran over that ladder on the interstate, you're not gonna go after my insurance? You're just gonna handle it yourself?

WILLIAM DANE: Depending on, just like I said, I-- so I can speak as a guest also, because I, I use cars on Turo all the time. I can select, similar to what traditional-- traditional rental car companies provide collision damage waivers or protection packages. You can select your out-of-pocket exposure. I always select the most expensive, therefore, the--

ALBRECHT: You get it covered.

WILLIAM DANE: --zero out of pocket. And I believe that means Turo picks up all of it. If I selected a lower out-of-pocket or deductible-- you could call it that, that's really not what it is-- then Turo would-- you go for my-- my insurance would be covering the damage to the vehicle, my auto policy. If my auto policy says no-- I'm insured through Allstate, they would cover me-- but if my auto policy had some clause and said, no, we're not covering you. That's not the case in Nebraska.

ALBRECHT: So it leads to another question. If, if your Turo does not cover whatever happened and you want to fall back on your own insurance, your own insurance knew that you were doing basically a commercial business with your vehicle, would they really cover it?

WILLIAM DANE: In the model language, in the model language the insurance company has the option to exclude coverage for peer-to-peer car sharing.

ALBRECHT: OK.

WILLIAM DANE: That's, that, that's in the model bill. The gist of what I want to really reiterate is, whether you're a host or a guest, and you're involved in an accident, it's covered. The host's vehicle is covered. From the guest perspective, if I were to wreck your car and I did not select the top-tier package, which I always do, because I want to be pro-- as protected as possible. Say I selected a lower-tier package, I have car insurance. My car insurance could be secondary. But Turo is going to cover the damage to the vehicles no matter what.

ALBRECHT: OK, thank you very much for your testimony. No other questions? Seeing none, thank you for your testimony. And we'll take the next opponent. Do we have any other opponents wishing to speak?

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VANESSA SILKE: Good afternoon, members of the committee. My name is Vanessa Silke; that's spelled V-a-n-e-s-s-a S-i-l-k-e. I'm an attorney with Baird Holm, and I'm also the registered lobbyist for Allstate Insurance Company. Allstate has a peer-to-peer car sharing platform that they are developing and that they want to grow here in Nebraska. They're not here yet. The name of that platform is Avail. So I was happy to have a representative from Turo explain more of the day-to-day operations and the actual use of those platforms. And I hope that that was helpful for all of you. Melissa Young, who I introduced to a few of you before session, is regional counsel for Allstate and intended to testify today. But due to some unforeseen travel requirements, she just had to leave the room. So if there are any questions that I can't answer about Allstate's Avail platform, I will make sure and get that looped back together with each of you. So Allstate is-- I'm here on behalf of Allstate, in opposition to LB961 as written. First, I want to thank Senator Friesen and committee counsel Tip O'Neill for meeting with us and hearing our concerns about the bill, primarily that the bill is a significant departure from the model language that I have passed out to each of you. And I'll go through the details of where those departures are at and why that's a problem for this industry. I also appreciate Ms. Gilbertson offering to continue to work with the stakeholders on this bill who oppose it. I've shared specifically with her what our concerns are, and I'm hopeful that we're able to work out a bill. We understand the concern, and Allstate directly participated, along with State Farm, USAA, Liberty, Farmers, APCIA, Avail, Turo, Getaround, which is another type of platform, and Enterprise Rent-A-Car in developing the NCOIL model language that I just passed out to you. That was vetted through a very significant process by the National Conference of Insurance Litigators, because the primary concern, whether you're a host or you're a guest or you're a legislator worried about protecting consumers in the state of Nebraska, it's primarily an insurance issue. And so that's why our proposal for you to solve these issues among the different stakeholders is to simply amend LB961 and replace it with this model language. And I'm happy to continue working with the other stakeholders to confirm that all of the words in NCOIL language can transfer into our statutes. Senator Hilgers, I want to respond to your specific questions, and Senator DeBoer, you asked a prior testifier about their specific issues with departures from the NCOIL model. The big ones-- and I can cite the pages, too, and walk through these. Starting on page 2, they add and modify significant definitions. And I won't go through each of them because we have, we only have a few minutes today. But I'll start with definition 4, 5, 6 and 7. Each one of those definitions either adds a new one, in particular, number 6. The proponents of this bill added rental car company. They want to

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conflate the rental car industry with peer-to-peer car sharing platforms; and they're simply not the same. And the way this definition is drafted, it's designed to benefit only Enterprise Rent-A-Car and other companies like that. It's not going to facilitate the growth of this new industry in Nebraska. On page 8 of the bill, for recall notices, prior testifiers accurately described exactly who gets those notices under federal law; that's the car owner. So for me, if I'm a host on the platform, I get the notice. And under the NCOIL model language, I can't, I have to take my car off that platform. There's a law that would require that if this passes. Having the platforms continually do a rolling coverage for this isn't going to protect consumers any more than what the model language does. On page 9, Uniform Deceptive Trade Practices Act, we already have cross-references in the existing law. This bill would create a whole new class of claims for any and all violations of any word in this bill if it passes. That's a significant increase in potential litigation against everyday Nebraskans who host or are guests on these platforms. And for that reason, we absolutely oppose any of that language in this bill. As far as rental car companies under the Uniform Deceptive Trade Practices Act, they have very, very limited, defined-- very, very limited statutes that create any type of potential claims at all. And unlike that in this bill, it would be any and all violations. So for that reason, we oppose that. We understand that they agree to take out the airport language on page 11. We still oppose it. We want to make a record of that.

ALBRECHT: Do you want to wrap it up real quick?

VANESSA SILKE: And I see my light. So is it OK to continue?

ALBRECHT: Well, they'll probably ask you some questions, so [INAUDIBLE].

VANESSA SILKE: OK. So I'll wrap up with reference to page 15. And that goes with this separate letter that's been handed around by TechNet; it's "The Voice of Innovation Economy [SIC]." TechNet is aligned with Allstate and everyone in opposition to this bill. They are a broad base of industry stakeholders who want legislators to adopt legislation that helps grow innovative new technology, which car sharing platforms are. And they cite, too, the triple tax issue. So the simple fact is every host of a car in Nebraska on these platforms, they pay sales tax, they pay wheel tax, they pay local tax, they are everyday Nebraskans. And if we stack in another tax, as the proponents of this bill are asking us to do on page 15, we're creating confusing cross-references, new taxes, and tax increases on Nebraskans.

ALBRECHT: OK.

VANESSA SILKE: And I don't think that solves--

ALBRECHT: Thank you very much. I just didn't want to go over too far. Any other questions? Senator Cavanaugh, please.

CAVANAUGH: Thank you. And I think this is very, very helpful. You did mention something that I wanted to go back to. On page 11, you said that you wanted to see the airport language removed. And that is one thing so far that has stood out to me as pretty significant when we're talking about ridesharing or taxicabs or anything like that going through our airports, having an agreement with the airports. I know when I've traveled outside of Nebraska to larger airports, we see, like, designated locations for getting your rides. And so could you speak to why it would be important to remove that as opposed to working towards having an agreement with the airports?

VANESSA SILKE: We see this as unnecessary regulation for everyday Nebraskans who participate on the platforms to have an additional regulatory control. In other cities--

CAVANAUGH: But it wouldn't be the individuals; it would be the platform itself.

VANESSA SILKE: It could be. But in any event for this, those in other cities, these requirements to have agreements with airports have often been utilized to eliminate or reduce access to Uber and Lyft, for example. There are a number of news articles where cities have tried to oppose that, to encourage people to use cab systems or rental car companies. You can imagine some airports have built parking garages that benefit rental car companies.

CAVANAUGH: Sure.

VANESSA SILKE: They want that. And it's, it's, it's asking the Legislature to pick winners and losers.

CAVANAUGH: And I--

VANESSA SILKE: That's [INAUDIBLE].

CAVANAUGH: I'm not familiar with what we have as far as ridesharing goes in Nebraska. I just was curious, that kind of flagged that for me. It does seem in other states where they have that, that it does not discourage it, it actually makes it easier for travelers. But

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again, this is large-scale airports. So I appreciate your answer and I look forward to looking over this.

ALBRECHT: Senator DeBoer.

DeBOER: I have a couple questions. The first is procedural. Have you all been in contact with Senator Friesen and his office about this? And how has that gone, in terms of have you been negotiating the differences with the model language and that sort of thing? Can you tell me about that experience?

VANESSA SILKE: Sure. We've had an initial meeting, actually a couple of weeks ago, and I know that other stakeholders have met with Senator Friesen, as well. And we thank Tip and Senator Friesen for their time. We explained our position, that we prefer-- and I think the broadest base of support will be the NCOIL model itself-- no modification of it other than minor tweaks, and that our preference would be for the committee to simply replace LB961 because of the issues with these things that I went through and went over time to describe, rather than going in, in and out, line by line and trying to swap things back and forth, that procedurally that would be the easier, cleaner way for everyone to understand how the committee might move forward. Senator Friesen has agreed to continue the conversation. So I don't want to speak for anybody out of turn. Yeah.

DeBOER: Can you tell me-- let's talk about the deceptive trade practices piece. I didn't get flipped there fast enough. Can you sort of show me directly to that language and let's--

VANESSA SILKE: So on page 9, starting in Section 15, line 22.

DeBOER: And your objection is you think that--

VANESSA SILKE: So actually, it starts on line 26, is where the problem is. So we already have a general-- and we can get into the details of this off-line-- The Uniform Deceptive Trade Practices Act applies generally to a lot of different types of transactions. The problem with this bill is that, starting on page-- line 26, page 9, (2), is that failure to comply with this program act, so anything in this bill regarding any of this information, anything there is deemed a deceptive trade practice in violation of that act. That's a really broad cross-reference and a whole new class of claims of potential litigation against everyday Nebraskans. And so that is a big red flag for Allstate and for others, especially considering the model legislation provides a baseline to protect consumers. I don't think we

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need to create a whole new class of litigation in order to accomplish that goal.

DeBOER: All right, thank you. That's all.

ALBRECHT: Senator Hilgers.

HILGERS: Thank you, Senator Albrecht. Thank you for your testimony. So I've got a couple of questions. One was, I appreciate you detailing the differences. You had one on definitions on the 4-6, and one of them was the rental company.

VANESSA SILKE: Yep.

HILGERS: And I note in that definition, it excludes those who operate three or fewer vehicles. So, I mean, isn't, I mean, if you have more than four cars doesn't that start to look like you're using this platform-- doesn't that look like a company to you?

VANESSA SILKE: So we already have rules on the books, laws on the books that regulate rental car companies. And I think that those stand alone for themselves. And creating a new definition and conflating the two, which is what the first testifier-- that's the biggest criticism we have of the substance of what the first testifier had to share was they're trying to conflate in two entirely different industries.

HILGERS: Right. But I guess, but I guess-- but my question is, is the way that I took that argument was it's one thing to say, if I'm an individual and I just want to rent my car out, I shouldn't be treated like a rental car company. I think I take that argument as far as it goes. But if I'm renting out 10 or 20 cars, I sure start to look like a rental car company. And why shouldn't we have regulatory parity between my fleet of rental car companies and the rental car's fleet of the rental car company?

VANESSA SILKE: Sure. And we can certainly look off-line more carefully at the Chapter 44, I believe, and other definitions that actually govern existing rental car companies to figure out that threshold so that there isn't this loophole that, that is a hypothetical condition, and makes sure that this is limited. But the industry itself is different. And the way this definition is drafted in the cross-references throughout the bill, it only benefits existing rental car companies. It cuts against people who want to host on this platform.

HILGERS: What's the-- I'm sorry, what's the loophole?

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VANESSA SILKE: That for this, the, the way the definition is drafted and then the other cross-references here, the benefits accrue to those rental car companies, those who are already operating as a rental car company.

HILGERS: Which benefits?

VANESSA SILKE: Any of the benefits in the bill. And I can get through-- I don't have my search function here, so it's going to take me a little bit to get back through it. But for these, it, it-- I will have the--

HILGERS: [INAUDIBLE] regulatory-- I mean, I didn't see, like there's no dollars that forward. I mean, isn't this just a regulatory regime? And this just makes things more strict. I didn't know that they were--

VANESSA SILKE: The, the-- Allstate's position is that there's no need to add additional definitions for this, because the primary focus of that definition is to conflate those two industries.

HILGERS: And I guess my point is, at some point, shouldn't they be conflated? I mean, shouldn't you treat the same type of product similarly, I guess?

VANESSA SILKE: Fundamentally, we do not see them as the same type of product.

HILGERS: Does that change at some certain threshold? So if you have 100 cars, is that the same product as, as Enterprise or some other rental car company?

VANESSA SILKE: I can see how hypothetically, I understand your point, but the practical reality of how this market is developing is simply not the case.

HILGERS: Right. And I guess my point is, isn't there a carve-out for the, the reality on the ground, which is three or fewer. So personal use, it doesn't-- I mean, if you've changed this to five cars, would that be sufficient to avoid the conflation that you're concerned about?

VANESSA SILKE: I have to confer with Allstate before I can commit to any of those. But our primary role in this is to offer, if we're truly concerned about consumer protection, the model language in this bill does not create confusion. It's very easy to understand, and it had

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buy-in from the broadest base of stakeholders. These definitions simply don't have Allstate's support or other stakeholders'.

HILGERS: OK, well, I would be, I would be curious then, because I, I take your conflation point only so far. If there's-- if it truly is a concern that the thresholds, because there is a carve-out. I mean, this-- I want to be-- make sure the record is clear that three or fewer, you're not a rental car company. So if that number needs to be 10, I'm sure I can ask Senator Friesen. I'm sure he would consider that kind of a change. On the-- I want to follow up just briefly on Senator DeBoer's point on the, on the Deceptive Trade Practices Act. I read your language and I just wanted to get your response to this, 'cause I did read the line, line 26 on page 9. The next sentence seems to be maybe cut against that in a way because it says a person injured by a violation of Sections 11-14 may bring a cause of action to seek the same relief available to the consumer. So I-- what's-- in your view, did that limit the cause of action that could be, that could be brought only to injuries that are caused by a violation of 11-14? Or how do you review, how do you harmonize those two sentences?

VANESSA SILKE: I believe that it's creating additional claims where we already have protections in place for the consumers under the provisions in the model act. This is an additional layer on top of that, that Allstate does not believe is necessary and does not provide, you know, clarity for the act.

HILGERS: Which, which one provides [INAUDIBLE]-- I'm sorry. I was just-- so I read your-- you cited the first sentence, which does seem very broad. I agree with you.

VANESSA SILKE: Yeah.

HILGERS: The way that-- the way that you characterized it in your testimony was any vio-- any, any violation of any word in this act is a violation--

VANESSA SILKE: Yeah.

HILGERS: --of the Deceptive Trade Practices Act. So I looked for language that suggested that. And I saw that in 26, which you cited.

VANESSA SILKE: Yes.

HILGERS: The next sentence, however, seems to me to be a gloss, a limitation on that by, by saying the only person who can bring a cause of action is those who are injured under 11, 12, 13, or 14, which

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seems to me to be more narrow than the way you characterized it in your opening. And I guess what I'm trying to understand is how do those, how does your statement harmonize with that second sentence?

VANESSA SILKE: Frankly, any cross-reference to this I think is unnecessary, because the act stands for itself. And I can confirm with Allstate through the NCOIL process, this idea and this concept, I believe, was discussed and it's not a part of the model legislation for that reason. And I will confirm that to get back to you on it. But our position is that it's not necessary to create an additional class of claims in this bill.

HILGERS: OK. My last question, if I might, Senator Albrecht. I got this letter, and I-- can you just explain to me the triple, this triple tax idea? Could you explain it?

VANESSA SILKE: This was the idea that, that Turo's testifier explained where a host in Nebraska who participates on one of these platforms has already paid sales tax on their vehicle, and any other local taxes.

HILGERS: Let's just take it one at a time so--

VANESSA SILKE: Yeah.

HILGERS: --the one tax is the sales tax on the vehicle, and I talked to him about that.

VANESSA SILKE: Yep. And then--

HILGERS: What's the second tax?

VANESSA SILKE: There would be any other taxes that might be perceived to be imposed by Chapter 77 cross-references on the transaction itself and the sales tax on the transaction.

HILGERS: So those are, those are the second and third. So the first--

VANESSA SILKE: Yes.

HILGERS: The second one is what, what, what taxes, what fees? You said it cross, cross-referenced to others. So what would those be?

VANESSA SILKE: For any of these, in these bills where there's multiple cross-references to Chapter 77, it's unclear to many of the stakeholders how many of these taxes, how they stack. Or are they instead of? We also have local tax issues that would stack on top, if

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we don't understand squarely how and when this is taxed, if at all. And we assert again, because the typical host on these platforms is an everyday Nebraskan who definitely pay sales tax on their car, and rental car companies haven't done that, there's a very good policy reason why we would choose not to stack taxes on top of, of these particular transactions.

HILGERS: And I, I understand that point. I'm just trying to understand, you clearly have two different taxing regimes. I'm trying to understand exactly how to compare the two, because as I spoke with the previous testifier, it sounds like retail consumers of Turo or other platforms don't pay the same rental car fees that they might in Omaha, which-- or in Lincoln or anywhere else, that can be fairly high. So--

VANESSA SILKE: Yeah.

HILGERS: --I'm trying I understand, and compare apples to apples here. So what's the-- what is in Chapter 77? Are those rental car fees that retail--

VANESSA SILKE: Those would be your sales tax fees, any of those other types of taxes. And then there is motor vehicle tax cross-references that I can get into off-line that rental car companies pay instead of paying the underlying sales tax on the purchase of the vehicle. And I know when we say sales tax, you end up thinking in three different versions of it. But what I'm referring to is the purchase price of the vehicle versus any other transaction tax.

HILGERS: Right. That was the first tax layer of the triple tax.

VANESSA SILKE: The purchase price.

HILGERS: Sales tax on a purchase.

VANESSA SILKE: Then you have a transaction tax and then any other local taxes and any other cross-references in this bill.

HILGERS: But at least the local tax and the cross-references, you can't point to me to any and say, this tax in particular I know cross-references and brings in this other tax?

VANESSA SILKE: On these, the tax provisions for this, page 15, lines 19-24, those are the ones that we do not want. And this is another example of where the proponents of the bill are conflating a car sharing platform with a rental transaction.

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HILGERS: OK. I'll, I'll look into that. Thank you.

VANESSA SILKE: Sure.

ALBRECHT: Any other questions of the committee? Seeing none, thank you for being here today.

VANESSA SILKE: Thank you.

ALBRECHT: Any other opposition? Thanks.

MARK JOHNSTON: Thank you. Good afternoon, members of the committee, Chairman and senators. My name is Mark Johnston, and that's spelled M-a-r-k J-o-h-n-s-t-o-n, and I'm here representing the National Association of Mutual Insurance Companies and also our state advocacy partner, the Nebraska Insurance Information Service. I'm here to say why we are in a posture of opposition. We discussed this at this morning's meeting in great detail, and we really would prefer to have a good bill passed, but we think that this bill needs to get closer, as the previous witness said, to the NCOIL model. However, there are, as she said also, some tweaks to the NCOIL model that remove what we consider ambiguities, make things a little clearer. And we are committed to working with all parties in this project. I'm happy to take questions.

ALBRECHT: Thank you, sir. Any questions?

MARK JOHNSTON: Thank you.

ALBRECHT: Thank you for being here. Any other opponents? Any other opponents wishing to speak? Seeing none, anyone in a neutral capacity?

JERRY STILMOCK: Senators, Jerry Stilmock, J-e-r-r-y, Stilmock, S-t-i-l-m-o-c-k, testifying on behalf of my client, the Nebraska Bankers Association, in a neutral capacity on LB961. Follow up with what Senator Hilgers, Senator-- and you, Senator Albrecht, you brought up earlier. You think of a three-way agreement, in my situation, for our lenders: consumer, the bank, and the relationship that they have with their insurance company. So the, the context came up of, well, what happens today when you go into a commercial environment and you put your vehicle out here for a peer-to-peer? Undoubtedly, you're gonna see that commercial avoidance clause-- voidance is my, are my words-- voidance clause. And all of a sudden the insurance is no good. So we go to an area now where it is a four-way situation where we add the peer-to-beer, peer-to-- I think I said beer, excuse me-- platform. And we have that fourth entity involved, and that's where the

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insurance issues come into play. So Mr. Dane shared with you-- and not to pick on him, just use as an illustration-- he said, I can sometimes use the fee income to help pay for my bank loan. Well, it's the banks, in my situation, that I want to share with you that we want to make sure are protected. Maine provides that the platform, the provider, if you will, has to provide comprehensive and collision insurance in the same way that Maine requires that in their legislation. So we merely point those two items out. We want to make sure that, yes, the consumer-- in the legislation it does say that the, the "host," try to get into with the, the lingo used by others. The host is to be notified in LB961 by the, by the platform if, if the, if there's a lien on that motor vehicle. We, we want to make sure that that consumer and also the, the bank, the lender in that situation, would be protected with comprehensive and collision insurance. It was kind of hard to hear the beginning testimony. There was a description I heard a little bit: driving down the highway, ran over a ladder, and X paid for the damage to my vehicle. In LB961, there's, there's no provision that there be comprehensive nor collision insurance coverage. There's just liability for that, that third party, the person that I, as a, the driver might run into. We would just like to see that added. We've had an opportunity to visit with Senator Friesen and he said: Mr. Stilmock, if you have a concern with it, make sure you let the committee know-- so my purpose for this afternoon. Thank you.

ALBRECHT: Thank you very much. Any questions? Senator Bostelman.

BOSTELMAN: Thank you, Chairman-- Vice Chairwoman Albrecht. Question for you, does a banker see a difference between a privately owned vehicle and a business? Do they see the host, when they lease the vehicle, as a business? And how does a bank-- as far as that you're going back to the lending side of things.

JERRY STILMOCK: Yes, sir.

BOSTELMAN: I, I retain, I get a loan for my car and for my personal use. If I re-- if I have a business and it's a snow removal business, and I have a truck for that business, and I come to you for a loan for that business for that truck, are those handled separately, in different, in different ways on that lending aspect? And then, is there anything that should be considered, because now we have a privately-used vehicle that's now being used for commercial use? How, is there any differences that the bankers, that the industry would, would view that? Do you follow?

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JERRY STILMOCK: I would believe so, because I'm going in, in your instance, in a commercial enterprise, I'm gonna load up my, my pickup with a snowblower and whatever the equipment. And I need that truck in order to do my commercial business. So the lender is gonna know in that situation, it's not where I'm using that vehicle for, just for my own personal needs. And I don't know how-- I mean, by your question, you, you've presented a very good situation, and I don't know if I could split that hair any further with you, sir. But I, I envision that commercial versus, you know, just my own, my own personal use, getting back and forth for my own job.

BOSTELMAN: All right. So you may know the answer to this question; you may not. It may be fair to ask, and maybe not. So the question was asked earlier as to the, to the individual-- our first testifier-- about do you take on your taxes, you know, do you-- how do you handle your taxes? Do you consider this as a business write-off, your vehicle? Do you, do you have any thoughts on that?

JERRY STILMOCK: I, I thought it was a great question. And I don't practice tax law. I don't even do my own tax return. But if I'm-- I mean, I equate it, Senator, to use of your own residence for your office. It's like, I know it's out there. You have the ability to do it, and I know it's tough to do. There are some parameters or restrictions. But if, if I could use my house for my business office and have expenses or certain portions of that use written off, if I'm-- I'm going to do the same thing in my my, my theory, I'm going to do the same thing and write off a portion of that use by my automobile if I'm generating income from it.

BOSTELMAN: OK.

JERRY STILMOCK: I think it makes sense. It's a-- I, I'm with you on the theory, sir.

BOSTELMAN: Thank you.

JERRY STILMOCK: Yes, sir. Thank you.

ALBRECHT: Thank you. Any other questions? I have one, Mr. Stilmock.

JERRY STILMOCK: Yes, ma'am.

ALBRECHT: OK, so if, if this person who purchased a vehicle from a dealership and you carry that note on it, and they decide to be the host and they are hoping that the person that ran the ladder over had enough insurance, but they might not have selected the highest

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insurance possible, if the insurance company that they have personally-- would, would they void that knowing that it was not them that was driving it, that they actually have a business with their-- would, would you as a bank, I mean, know that the insurance company has covered this vehicle? That's why you're OK to, to carry the note and you want to make sure everything's right on it, you know, whether there's a recall or, or windshield is broken or anything like that. You need to know that that vehicle is in good shape, in case you have to repossess it or something like that. So at what point is the bank concerned? Do you need to have something that people check off that they're going to be using it for something other than a personal vehicle?

JERRY STILMOCK: You know, all, all great questions and a, and a very, you know, a very new topic. 2015 is when we saw the, the ride sharing legislation pass, and we had those same concerns. Senator, I think it's a relationship with the bank and making sure that if the use is intended to be your transportation for your personal use, that's one thing. But once you cross over to that commercial arena, everybody is at risk, I think. And in my examples, it's that comprehensive and collision that do not appear in LB961 that we think they do need to be included, ma'am.

ALBRECHT: OK, thank you.

JERRY STILMOCK: Yes, ma'am.

ALBRECHT: No other questions? Seeing none, thank you for being here.

JERRY STILMOCK: OK. Thank you, senators.

ALBRECHT: Anyone else would like to speak in a neutral capacity? Seeing none, Senator Friesen, would you like to close?

FRIESEN: Thank you, Senator Albrecht. I guess when we were working on this, and one, one of the things I was concerned about is we have to protect the car owner, because a lot of times they're not going to read the fine print when you sign some of these contracts to rent your car out. And we've run into situations where people do use their automobile for commercial use. And if you read your insurance clause, a lot of times your insurance is void. And so we want to make sure, and that's, that, that happened when we did the Uber and Lyft, the ride sharing companies. We've always wanted to make sure that that insurance was seamless. We'll keep working on that to make sure we have it right. We can talk about the different tax provisions, but there is a lot of things that we need to look at, and we'll continue

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to look at it. I'll work with the committee and whoever to try and smooth some of these things out. But in the end, I mean, I think we do have to realize that this is another business model out there and it does compete with others. And we want to try and keep the playing field as level as we can. And the biggest thing, I think, is the insurance portion of it to make sure that, in the end, the owner is protected. So with that, I'd answer any questions.

ALBRECHT: Any questions? Senator DeBoer.

DeBOER: I just-- were there, was there a whole process of going from the model legislation to different legislation or--

FRIESEN: Yes, it has been a long process, because there's always two sides to everything, and this is something that is a mish-mash of all of it. So we'll work on it.

DeBOER: I'm happy to work with you.

ALBRECHT: Other questions? Seeing none, thank you. That will close LB961. Oh, I'm sorry, we did have-- I'm sorry about that-- we do have two opponents, two letters from a Leighton Yates, director of state affairs for Alliance for Automotive Innovation; and Nicole Fox with the Platte Institute, director of government relations.

FRIESEN: OK, with that we will open the hearing on LB771. Welcome, Senator Gragert. Go ahead.

GRAGERT: Good afternoon, Chairman Friesen and the members of the Transportation and Telecommunications Committee. I'm Senator Tim Gragert, T-i-m G-r-a-g-e-r-t, representing District 40 in northeast Nebraska, and here today to introduce LB771. Current law for the exemption from the two-plate requirement of passenger cars that are not manufactured to be equipped with a front plate for the license plates, in lieu of front license plate, a license decal must be purchased for \$50, which shall be displayed on the driver's side of the windshield. LB771 proposes to extend this exemption to pickups. Last year, a constituent contacted me after she purchased the limited edition Harley-Davidson pickup. She informed me that she did not have a bracket or anywhere put the front license plate. She was aware of the exemption of sporty cars, but the only alternative her-- for her was to contact the dealership and/or the auto body parts store to see if they had a dropdown plate holder. Understandably, she did not want to drill holes into her front brand new pickup. Over the interim, I contacted the Department of Motor Vehicles and worked with them on the language to expand the passenger car exemption. Instead of just adding

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trucks to the exemption, which would open it up too much, it was suggested to go with the trucks under seven tons, as this distinction is also used in motor vehicle tax and fee schedules. Trucks under seven tons are also taxed as passenger vehicles. Last year, your committee amended Senator Scheer's LB356 to reduce the cost of license decals for passenger vehicles from \$100 to \$50 in an effort to provide consistency in the one-license-plate program, since the cost of the decal for special-interest motor vehicles was \$50. Consequently, the cost of a license decal, proposed under this bill, for pickups would be \$50. This license decal fee of \$50 plus 60 cents for the cost of the decal to be-- is paid every year. This can be compared to the price of a license plate, which is \$3.30 per plate and is only paid every six years. Therefore, this is noted, this is a noted increase in the cost to receive exemptions from the two-license-plate requirement. However, LB771 would make that option available to pickup owners as well as passenger vehicles. I am-- I have distributed a letter from the constituent who initially contacted me expressing her support for the bill and her regret for not being able to testify in person today. She also mentioned that the Holt County treasurer was very supportive of having this option available to pickup owners. I would like to thank the Department of Motor Vehicles for the work, for the work-- working with me on this issue. I urge favorable vote for the advancement of LB771 from the committee. If you have any questions, I'd be happy to try and answer them.

FRIESEN: Thank you, Senator Gragert. Any questions from the committee? Seeing none, you gonna stick around for closing?

GRAGERT: Yes, sir.

FRIESEN: Proponents who wish to testify in favor of LB771?

LOY TODD: Senator Friesen, members of the committee, my name is Loy Todd; that's L-o-y T-o-d-d. I'm the president of the Nebraska New Car and Truck Dealers Association. We're testifying in support of this bill and, quite frankly, we have always been in support of every one-plate bill with every variety, every time somebody has ever come here. It's interesting, years and years ago, when we first started talking about this, the room had lots of law enforcement in it and, and other entities, sometimes the county, sometimes the cities, whatever. And they've all-- I'm kind of alone anymore. We still have three, and I'm sure they'll be here. But-- and it's, what the senator has just indicated is what happens to my dealers every day. People spend thousands of dollars on vehicles that are designed to not have a front plate, and they don't want us drilling holes in the front end of them. They don't want us to deface the vehicle for an unnecessary

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purpose. And cert-- certainly our law enforcement is as good as any, any other around the country. We can, we can, we can find the identity of a car if we need to. So we just, we'd like to see the change made at an appropriate time, perhaps when plates are getting ready to be reordered. Let me tell you how popular this, this is. There are 2,708 people who have spent the either \$100 before you changed the law or the \$50 now to have the one-plate option. And that's a pretty strong vote. And a lot of people still don't know about it. But it's just something that people are very unhappy with us when we start drilling holes in their vehicles. Most vehicles are made to not have a plate; it's an add-on. And, and so we also have to charge these people a lot of times. We'll charge anywhere from \$15 to \$30-plus to put these brackets on the vehicles. So it's not-- it's just policy, it's not going to let crime run rampant in Nebraska any different than anyplace else. But so we would, we would appreciate favorable consideration of the legislation. Thank you.

FRIESEN: Thank you, Mr. Todd. Any questions from the committee? Could you tell me how many states allow one plate?

LOY TODD: I don't remember anymore. I will tell you that I think it's around 40.

FRIESEN: Does California require two plates?

LOY TODD: I don't know.

FRIESEN: So there are quite a few states that require two plates.

LOY TODD: Oh, yes.

FRIESEN: What do they do for front license plates then, they drill holes?

LOY TODD: Well, of course. And, and we supply brackets and then the car dealers sell them. It's-- yeah, it's-- people comply. The only interesting one was, I think, Oregon. They had two-plate law, but it didn't say where they had to be. So everyone was stacking them on the back, putting one on top of the other. So they had to change that. And they changed their law to make you put one in the front. They didn't eliminate the plate, so--

FRIESEN: All right, seeing no further questions, thank you, Mr. Todd. Any other proponents of LB771? Seeing none, are there any opponents of LB771? Welcome.

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JASON SCOTT: Good afternoon, committee Chairman Friesen and members of the Transportation and Telecommunications Committee. I am Captain Jason, J-a-s-o-n, Scott, S-c-o-t-t, of the Nebraska State Patrol. I'm currently assigned as the troop area commander of Troop A, which encompasses the Omaha metro area and surrounding counties. I'm here today on behalf of the Nebraska State Patrol to testify in opposition of LB771. LB771 would add language to Nebraska State Statute 60-3,100, which would allow the issuance of one license plate for any truck with a gross weight rating of seven tons or less which is not equipped with a bracket on the front of the vehicle to display a license plate. This language would significantly increase the number of vehicles operating on Nebraska roadways bearing only one license plate. From a law enforcement standpoint, we oppose this bill due to the fact that, over the years, a front license plate has been a crucial component in identifying vehicles that have been involved in everything from minor traffic violations to major criminal acts. We believe that increasing the number of vehicles on our roadways that do not require a front license plate would hamper our enforcement operations and abilities to properly identify vehicles committing law violations. Daily across our state, our communication centers field calls from motorists reporting hazardous driving by other motorists on the highway. One of these frequent violations reported to us is following too closely, which is more commonly referred to as tailgating. Oftentimes, the driver reporting that they're being tailgated by another vehicle is able to report to our dispatcher a license plate number that they're able to view in the rearview mirror. This allows us to dispatch troopers to make contact with the correct vehicle in question and adequately address those driving habits and violations. This same method of having a driver on the phone with law enforcement obtain a license plate number of a vehicle following them has also been beneficial with female drivers who have felt as though they were being followed by a suspicious vehicle. Annually, many hit-and-run accidents-- cases are successfully closed and hit-and-run drivers are prosecuted by processing evidence located at the scene of the accident. One critical piece of evidence in those cases has often been a front license plate from the hit-and-run vehicle that is dislodged in the collision and left at the scene. Having a greater number of vehicles that are operating without a front license plate would potentially decrease law enforcement's ability to solve a number of these hit-and-run cases. In closing, we appreciate being afforded the opportunity to testify before your committee today in opposition of LB771. And with that, I'm happy to answer any questions that you may have.

FRIESEN: Thank you, Captain Scott. Any questions from the committee? Senator Cavanaugh.

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CAVANAUGH: Thank you, Chairman Friesen. And thank you, Captain Scott, for being here. So we currently do allow for one license plate. You have to, obviously you have to register and pay the fee.

JASON SCOTT: Correct.

CAVANAUGH: And could you just clarify-- from your testimony it's obvious it's for this bill, which would extend it to trucks. Is it the position of the State Patrol that you'd like us to see two license plates on all vehicles? Are you currently having issues with the one license plate for the ones that we currently have?

JASON SCOTT: So these issues do hold over to all vehicles. I mean, I wouldn't rule the scenarios that we testified. And these are just a couple of examples of the scenarios where front license plate information is crucial. And it has been a hurdle for law enforcement not having front license plate information. If, if the sticker in the front window read or conveyed the same information that a license plate did, and was visible as such, then that also wouldn't be a hurdle.

CAVANAUGH: Do you have any instances of where you have had a vehicle that was involved in some sort of crime or hit-and-run or something that was called in that didn't have a front license plate? And what is the process for identifying, because if they're registered, if you have the make of the car, the color of the car, and you have the registry, does that help narrow it down significantly or is it still cumbersome?

JASON SCOTT: If I understand your question correctly, there's numerous occasions where people will go out and steal a license plate and display that on a vehicle and go commit crimes with that, because one, the vehicle they stole it from still has one and can continue to operate on that vehicle. But where-- not everything we do or the majority of what we do when it comes to BOLO-type vehicles or broadcast vehicles, something we're supposed to be watching for, a lot of times is predicated by seeing the front of the vehicle first. We're traveling on an interstate, we're in cross traffic, we're on the state highway, we're in cross traffic. We're constantly looking at the front of the vehicle. A lot of times the easiest way to determine whether, hypothetically, that red Chevy pickup is the red Chevy pickup that you're supposed to be after is that front license plate. Determining that at night when passing at 75 miles an hour in your rearview mirror is a lot more difficult and not as well lit as a front license plate passing you in the same circumstance, if that makes sense. And there just are numerous occasions where our broadcasts and our encounters

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with the motoring public start with the identification of a front license plate.

CAVANAUGH: Just one more question. Not likely that you have the answer, but do you know when we implemented the one license plate for passenger cars? I can probably find it.

JASON SCOTT: I do not know.

CAVANAUGH: OK. Thank you.

FRIESEN: Thank you, Senator Cavanaugh. Senator DeBoer.

DeBOER: I think one question that Senator Cavanaugh was asking that I'm also interested in is, are you familiar with this one-plate program that we have in Nebraska where you pay the \$50,--

JASON SCOTT: Yes.

DeBOER: --you get the decal and then-- have, have there been any of those folks with the decal that have been involved in any incident with law enforcement that you know of?

JASON SCOTT: I don't have a direct example that I know of, but if I'm hearing you correctly, what would you-- you'd like an example of perhaps a DUI vehicle that was broadcast that had a sticker in the front window versus a license plate?

DeBOER: Yeah, I'm just curious. How prevalent are these on the road? How prevalent-- are they something that you're interacting with? Is this something that the program is already broad or is it a pretty limited program that you guys aren't running into very often?

JASON SCOTT: I can get you an answer on a specific example of where the, the sticker came as a significant component of that. Anytime, whether it's an out-of-state vehicle or an in-state vehicle--

DeBOER: Right.

JASON SCOTT: --anytime that there's a non-front plate it creates an issue for us. It's not even necessarily a Nebraska issue. I believe there's 19 states that require two plates and 31 that don't. For those 19, that's an issue for us in law enforcement to try and identify that vehicle at highway speeds.

DeBOER: So and then-- just a second, I forgot what I was gonna ask you. Maybe see if there's anybody else and come back to me.

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

JASON SCOTT: Thank you.

FRIESEN: Any other opponents? Welcome.

KYLE KOVAR: Thank you. Good afternoon, Chairman Friesen and members of the committee. My name is Kyle Kovar, it's K-y-l-e, last name is K-o-v-a-r, and I'm the government services manager for 3M in Nebraska, and we oppose LB771. 3M supplies Nebraska and 44 other states with the retroreflective sheeting used in the fabrication of your reflective license plates. 3M is a strong corporate citizen in Nebraska, including our facility in Valley that employs 485. The issue of one versus two license plates comes before this committee almost every session, and I am pleased to discuss the importance of two license plates for law enforcement and public safety. Thirty-one states, plus the District of Columbia, require vehicles to display two plates. No two-plate state has converted to one plate in more than 35 years. While some Nebraskans have strong opinions about one versus two plates, their reasoning is based primarily on aesthetics. We can all agree that license plates are a critical tool used by law enforcement and the general public to identify vehicles. The discussion about one versus two plates must always be about law enforcement, safety, and the assurance of registration and insurance requirements, not whether certain expensive cars and trucks look better with no front plates. The front plate enhances an officer's ability to identify vehicles involved in criminal activity. The International Chiefs of Police, who strongly endorses two plates, estimates that vehicles are involved in 70 percent of criminal activity. A front and rear plate help law enforcement identify vehicles for homeland security, AMBER and Silver Alerts, auto theft, and traffic violations. Oftentimes, traffic stops lead to the identification and/or apprehension of people involved in more serious crimes, and there are hundreds of incidents every year where a front plate is used to solve and prevent crimes. The front plate enhances the likelihood of identifying vehicles that run bus stop signs and endanger children and also convenience store surveillance cameras to identify drive-aways and criminals that pull in to commit crimes. In traffic, officers visually identify many more vehicles coming at them than only looking at the rear plates on the vehicle in front of them. A front plate provides a retroreflective target for laser-speed detection, and automatic license plate readers, or ALPR, are rapidly becoming commonplace in all areas of law enforcement. These infrared cameras are mounted either stationary or atop vehicles, and having both front and rear plates doubles their

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ability to accurately read a plate. According to a Texas A&M Transportation Institute study, the use of two plates maximizes the opportunity for identification to be completed efficiently and effectively, whether by an individual or through ALPR technology. Retroreflective material on a front plate is many times the only reflective surface on the front of a vehicle. Rare-- excuse me-- rear tail lights are mandated to be reflective while front vehicle headlight lenses are not. At dusk, dawn, and in poorly lit conditions, the only visibility from an oncoming vehicle with malfunctioning headlights or a drunk or an inattentive driver who neglects to turn on their headlights is a reflective front plate. In addition, trucks hauling boats or trailers, or even the ball for the tow hitch would be blocking the rear plate. If there's no front plate on the truck, there's no visible law enforcement identification on that vehicle. We all know that vehicle taxes in Nebraska are expensive, and as a consequence, the DMV has two problems of evasion that result in lost revenue to the state. One is when Nebraska residents illegally register their cars in neighboring low-cost states such as South Dakota, Montana, and Wyoming. And the second and more pervasive problem is plate splitting. This is when a person removes the front license plate from a legally registered vehicle and use it-- uses it on the rear of a second unlicensed vehicle. LB771 will surely increase the incidence of plate splitting. And by adding more one-plate vehicles to the traffic mix, law enforcement will have an even more difficult time identifying violators. An issue with this bill is on page 2, where it states: one license plate shall be issued upon request in compliance with this subdivision and for any passenger car or truck with a gross weight rating of seven tons or less, which is not manufactured to be equipped with a bracket on the front of the vehicle to display a license plate. In fact, all pickups are manufactured with the location for a front license plate bracket. Why would today's auto manufacturers design a vehicle that functions in only 31 states? The bracket is frequently left off of the car when delivered to dealerships, and a quick Internet search finds that Amazon.com has over 1,000 bracket selections, many of which are no, no grill-- sorry-- no-drill brackets. Thank you for this time, and I urge you to indefinitely postpone LB771 and would be happy to answer any questions that anyone may have.

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

HILGERS: Yeah, thank you. Thank you for your testimony. I heard of the last piece of what you said-- well, I heard all of what you said. But the last piece you said, well, jeez, you know, these cars get sold all

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over the place. I mean, Senator Gragert has got a constituent where she's got a-- I mean, what do you say to the person with the truck that can't do this or has a problem doing this?

KYLE KOVAR: Well, like I said, they are available online. So there is availability on that. And there are no-drill applications available for front plates on specific vehicles that-- actually all, all vehicles where they don't have that.

HILGERS: Thank you.

KYLE KOVAR: Sure.

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

KYLE KOVAR: Thank you.

FRIESEN: Any other opponents wish to testify? Seeing none, anyone wish to testify in a neutral capacity? Seeing none, Senator Gragert, do you wish to close?

GRAGERT: Thank you, Chairman Friesen. I can certainly appreciate, especially the State Patrol's take on this. But I want to make it clear that I'm not advocating every car out there is a one-plate. We already have sporty cars that drive around with one plate and a decal in the front windshield. All we're asking on this bill is to add those 40 pickups to this, which, if you take a look at your fiscal note provided, in the third-from-the-bottom paragraph, additionally the DMV estimates about 500 additional vehicles will pay the additional fee and costs for this decal. So basically we're adding an estimated, I know it's estimated, but 500 more vehicles. And definitely I'm all about safety, too, and for the State Patrol to do their job. But I don't believe 500 sporty vehicles would really, really obstruct them from doing their job. It's not just like a red Chevy pickup coming down the road, it's like a Harley-Davidson high-end, \$100,000 pickup that you will never see Senator Gragert driving in. But the, the thing is, these are high-end pickups. So I do, I do hope that you will support the bill and, and move it out of committee. Thank you.

FRIESEN: Thank you, Senator Gragert. Any questions from the committee? Seeing none, thank you, Senator Gragert. We'll close the hearing for LB771. OK. Next we will open the hearing on LB789. Welcome, Senator Slama.

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SLAMA: Thank you. Good afternoon, Chairman Friesen and members of the Transportation Committee. My name is Julie Slama, J-u-l-i-e S-l-a-m-a, and I represent District 1 in southeast Nebraska. I am here today to introduce LB798 [SIC], a bill that would allow a school bus driver to report violators of a school bus stop arm. Nationwide, stop arm violations have grown exponentially with the increased prevalence of distracted driving. A national survey conducted by the National Association of State Directors of Pupil Transportation Services found that more than 95,000 drivers illegally passed a school bus stop arm on a single day, which you'll find in the exhibit being passed around. That number is actually on the low end, considering that only 39 states participated. Nebraska, of course, was one of those participating states. In the one day that this survey took place, Nebraska's bus drivers, 338 of them, so again, a small sample size, reported 133 violations of that stop arm. Every year since the survey started in 2011, we've seen increases in the number of violations for those stop arms. Specifically in my district, a bus driver, Bob Lueders, who's actually here today to testify from Johnson County Central, has indicated that he frequently sees multiple vehicles violating school bus stop arms and occasionally feels helpless because he cannot do more to stop the practice. Right now, school bus drivers who identify these violators can report them to law enforcement officers. But unless the law enforcement officers see these violations happen themselves, they can't do much. So LB789 is a tool to help that bus driver and create a reporting mechanism in which a driver may create a report that they may choose to turn in to law enforcement if they see fit. Under current Nebraska law, a driver of a motor vehicle who approaches a school bus with the yellow flashing lights activated must slow their vehicle to no more than 25 miles per hour. Once a school bus has stopped, extended the arm, the stop arm with red lights flashing, a vehicle must come to a complete stop and remain stopped until the stop arm has been retracted, the flashing lights turned off, and the bus proceeds in motion. These provisions do not apply to a vehicle approaching a school bus in the opposite direction of a divided highway. Any violations of these provisions already result in a \$500 fine and three points off of your driver's license. Currently, however, the only way for violations of the school bus arm provisions to be enforced is if they're viewed by a law enforcement officer. It is not reasonable to expect law enforcement to observe every single instance of a violator of a school bus arm. Law enforcement is not able to monitor every school route every day. LB789 would assist in trying to curb violations of that stop arm. In LB789, a school bus driver who observes a violation may prepare a written report, including a violation-- stating that a violation has occurred and provide the relevant data such as the date and time of the violation,

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the location of that violation, a license plate number, the color of the vehicle, and the type of vehicle violating the law, such as a car, truck, bus, or motorcycle. This report may then be delivered to law enforcement. Again, this is not mandatory of the city or county where that violation occurred, where an officer will conduct an investigation and issue a citation if it is determined that the violation occurred. At least one dozen other states have adopted a similar reporting method, while other states have gone a step further and mandated that cameras be on the school bus arms. I'm not going that far in this bill. I want to give our school bus drivers another tool to report these violations that are in, increasing in frequency. When we have a problem that is so concerning that some cities and towns are taking to having a police officer actually riding on their buses to monitor traffic, something needs to be done. There are children who are getting hit by cars, some even dying, because a driver can't be bothered to look up from their phone before passing a school bus. For example, during a six-day period in 2018, we had six kids killed because of school bus stop arm violations and a further eight be injured. Most of those drivers were found to be texting and driving. In Nebraska, that's especially concerning just because of the sheer number of school bus routes we have that take place at highway speeds. Short of putting cameras on the stop arm, as, again, some states have done, it is my belief that the provisions of LB789 would be a great tool in curbing the problem of drivers violating the school bus arm-- bus stop arm statutes. Thank you, and I would be happy to answer any questions that you may have.

FRIESEN: Thank you, Senator Slama. Any questions? Senator DeBoer.

DeBOER: So I'm, I'm trying to wrap my head around about the actual effect of this.

SLAMA: Yes.

DeBOER: Couldn't a school bus driver currently report to law enforcement officials, just as a citizen, that they saw a violation, here's the information that I saw, take it down, and report it to someone?

SLAMA: Yes, but no action is taken unless a law enforcement officer sees the violation himself or herself.

DeBOER: Well, why would they then have the authority now to do it that they didn't? I mean, if there's a crime and you have a witness to a crime, I mean, it's not like we don't prosecute murderers unless a cop is there to see it happen, right? There are other crimes that we

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prosecute without law enforcement officers there. So how is this different?

SLAMA: It's different because, in practical applications, law enforcement officers are not investigating. There's no reporting mechanism. This creates that reporting mechanism and empowers our bus drivers to, if they can collect the necessary information and choose to do so. Again, this is not a mandatory reporting mechanism. They can turn that report over to law enforcement officers and have an investigation into that incident.

DeBOER: Well, it's not, it's not a shall, with respect to the bus driver, but it is a shall once they make a report, right? They shall deliver the-- if they say to their principal or whoever, then they have a shall, must report to the police officer, shall investigate, shall. So the shalls-- and then they have to shall cite. So there's shalls in every instance except the initial one on the bus driver.

SLAMA: Actually, there's two may's. So the school bus driver, if they view a violation, may fill out the report. And then the school district, once that report is turned over to them, may turn that over to police, which I think is to your point about after that, yes, we're talking about a crime being reported and there are several instances of our statutes of the police shall investigate that crime.

DeBOER: So I'm sorry, I didn't see the second one. Can you point me to the second may?

SLAMA: Yes. That you can find that-- the first or the second may?

DeBOER: The second one. The first one is: the school bus driver may prepare a written report.

SLAMA: Yes.

DeBOER: Where's the second one? Did I miss it?

SLAMA: So the may comes into play on paragraph 3. There's not a direct may, but unless all of the information contained in the report turned over to law enforcement contains all of the points of info in that report, they can just hold onto that report for statistical purposes.

DeBOER: But if they turn in the report and it's got the information and they can identify the driver, I mean, the school district also has a shall.

SLAMA: Um-hum.

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DeBOER: Anyway, thank you.

SLAMA: Yeah. Thank you, Senator Deboer.

FRIESEN: Thank you, Senator DeBoer. Any questions? Senator Cavanaugh.

CAVANAUGH: Thank you, Chairman Friesen. Thank you, Senator Slama. Just a clarification. Is there no-- they're not allowed now to currently make a report?

SLAMA: So just to clarify again, they can report it as a private citizen. And any passerby who sees somebody violating that stop arm can report it, more than welcome to do so. No citation will be issued because the law enforcement officer did not see it themselves. We're talking about the practical applications here.

CAVANAUGH: So if they call, if they call law enforcement and report it, nothing happens?

SLAMA: Their hands are tied unless a law enforcement officer saw it themselves.

CAVANAUGH: OK. All right, thank you.

SLAMA: Thank you. And again, there will be people testifying after me who can affirm what's going on in terms of the practical applications of our current statutes.

FRIESEN: Thank you, Senator Cavanaugh. Any other questions from the committee? One of the questions I have here, and the officer should investigate.

SLAMA: Yes.

FRIESEN: And if they cannot determine who the driver was, then they just take the owner of the vehic-- vehicle and give him a ticket.

SLAMA: Um-hum.

FRIESEN: So if you've got an owner of a vehicle, for instance, that may or may not have been driving, but--

SLAMA: Sure.

FRIESEN: --has one point left on his license or two. And now suddenly he's going to lose his privilege to drive when he really didn't commit the crime, so to speak. And so isn't that kind of, I mean, if you

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can't identify the driver, you're now just choosing someone randomly to punish.

SLAMA: Which is similar to some of our other traffic statutes and similar, as well, to the other states who have adopted this reporting mechanism. When you're a bus driver and you see somebody passing your bus at 60 miles an hour on the highway, you're going to be doing pretty well if you can get the make, model of the car, the license plate number, all of that information, especially if the car has tinted windows. It's going to be tough to get a positive ID of the person driving the vehicle. And the bus driver is more than welcome to throw in those details into their report if they can get them.

FRIESEN: OK.

SLAMA: Thank you.

FRIESEN: Thank you, Senator Slama.

SLAMA: Thank you.

FRIESEN: Seeing no other questions, were you gonna stick around for close?

SLAMA: Absolutely. Yes, sir.

FRIESEN: OK. Proponents who wish to testify in favor of LB789.

GALEN BOLDT: I got my green sheet over here first.

FRIESEN: Welcome.

JACK MOLES: Thank you. Good afternoon, my name is Jack Moles, I'm-- that's J-a-c-k M-o-l-e-s. I'm the executive director of the Nebraska Rural Community Schools Association, also referred to as NRCSA. On behalf of NRCSA, I wish to testify in support of LB789. We thank Senator Slama for introducing the bill. Violation of a school bus stop arm creates a very dangerous situation, especially in our rural school districts. School districts are especially cognizant of potentially dangerous situations at pick-up and drop-off sites, but often they need to depend on the other drivers to abide by the school bus stop arm to keep safe conditions. Currently, it is difficult to follow up on violations of the stop arm. This bill would help to at least provide another opportunity to solve that issue. Providing the procedures for reporting violators helps districts in addressing the issue. And in closing, NRCSA appreciates the introduction of LB789 and encourages you, encourages you to advance the bill.

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FRIESEN: Thank you, Mr. Moles. Senator DeBoer.

DeBOER: Mr. Moles, so you're saying that your school districts would be happy to maintain this file, keep track of all of these things, sort of shepherd them to law enforcement and take on that sort of law enforcement helper role?

JACK MOLES: I would say they might think it's a pain, but, but in the long run, I think they're more concerned about the safety of their kids. So, yeah, I think they'd be willing to do that.

DeBOER: So they, they are happy to do this? OK. And why don't they do it now? Why don't you ask your folks-- I mean, without this-- say we don't pass this bill for some reason, is there not some program in which you could do that now, compile this information and send it on?

JACK MOLES: There's a way-- yeah, you know, we'd have drivers bring things into us when I was a superintendent.

DeBOER: Yeah.

JACK MOLES: And if, if we reported to the law enforcement, unless you could really verify all the things of the driver, the license number, you know, all that, you really couldn't go very far with it. And as Senator Slama said, they probably couldn't even ticket them because, you know, as, as an example of a stop sign violation or speeding, if somebody turns somebody else in, I don't think they're going to ticket somebody for that either.

DeBOER: OK. Thank you.

JACK MOLES: You're welcome.

FRIESEN: Thank you, Senator DeBoer. Senator Bostelman.

BOSTELMAN: Thank you, Mr. Chairman. My question goes to kind of follow along the lines of Senator DeBoer. I had a bill, this last one on all the trash trucks. And working with my local sheriff and State Patrol officials, if a vehicle, a commercial semi in this case, is driving down the road, the load falls off, I can call that in and report it, and/or I could do a report later and file it with the sheriff's office. But I would be required to come to court and testify in court for that. And I would imagine with this bill that bus driver is going to have to come in and testify,, as well that they did see this vehicle, this is the license plate, this is the vehicle they saw. So my question goes to, as far as the schools are looking at, are they

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willing or what is their approach to that school bus driver now, that's going to have to take time off during the day or being paid, if you will, to go to court?

JACK MOLES: And again, as Senator DeBoer asked me, I-- they probably see it as being a pain. But in the long run, if it's contributing to being, making things safer for kids, I think they'd be willing to do that.

BOSTELMAN: Well, I understand, but I think there would be a cost to the school, and that's my question.

JACK MOLES: Yeah, there could be. If it's during the school day especially. Probably not, because they're not-- they're either driving before or after school.

BOSTELMAN: But as an employee of the school, they're testifying for that place, I would think that they would be paid for that time because that's--

JACK MOLES: Oh, I see. I see what you're asking.

BOSTELMAN: --that's the [INAUDIBLE]. You see, see what I'm saying?

JACK MOLES: Yeah, could be.

BOSTELMAN: 'Cuse their-- 'cause, I mean, that's part of their, their duties and responsibilities and that. I would think that that would-- I just didn't know if that's come up in the conversation.

JACK MOLES: Never came up at all.

BOSTELMAN: OK, thank you. That's fine.

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

JACK MOLES: Thank you.

GALEN BOLDT: My name is Galen Boldt, G-a-l-e-n B-o-l-d-t, I am superintendent at Johnson County Central Public Schools. And I want to give my hearty thanks to Senator Slama for introducing this legislation. This is the way legislation is supposed to work. Senator Slama came to a town hall meeting at Tecumseh, and one of our drivers brought the issue up, which set off the discussion then between her and our driver, which led to this legislation. So ultimately at Johnson County Central, we have several routes. We shuttle students

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between two sites: Tecumseh and Cook. And the notion that we could do something that makes our students safer, the cost of that doesn't come down to dollars and cents. It comes down to what we can do to prohibit-- not prohibit, but to give an incentive not to break the law. As it is right now, it gets real frustrating. Our drivers are able to control safety from everything on the inside of their bus, how fast they're going, the condition of the bus, how students are behaving, although if you've ever been a bus driver-- don't know if you have or not-- but you're looking down the road this way and all the action is happening behind you, it's a very difficult job; it certainly is. And the notion that giving our drivers the opportunity to speak about how to limit or prohibit someone from breaking the law on such a violation involving safety is something that certainly, at Johnson County Central, we would do whatever we could to support our drivers. The driver that Senator Slama speaks about is one of our drivers. In speaking with our own drivers, they all would support this. The notion of not being sure, you know, who the driver was, I think that would prohibit probably their filling out of a report. So the notion that when we know something has happened and we can be of use to really identifying and getting to the bottom of it, that's when you fill out a report. So I really like the concept of the driver may fill out a report. And from there we're responsible for safety. It becomes then law enforcement's responsibility to follow up with the, with the investigation. And so allowing us to be part of that evidence is something that I think would be a really good thing for school safety. I'd take any questions.

FRIESEN: Thank you, Mr. Boldt. Senator Cavanaugh.

CAVANAUGH: Thank you. Thank you for being here. So is there anything prohibiting schools now from creating a process for their bus drivers to make a report to the administration of the schools?

GALEN BOLDT: Nothing at all. But what does that report do? If we do a report--

CAVANAUGH: I understand that.

GALEN BOLDT: --the school doesn't go after that person.

CAVANAUGH: I under--

GALEN BOLDT: We simply send it down to law enforcement.

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CAVANAUGH: I understand. So this, this bill isn't about allowing schools to collect this information. This bill is about requiring law enforcement to take action.

GALEN BOLDT: To do some type of invest-- investigation in which the credibility of what our driver saw then comes into play.

CAVANAUGH: So what-- regardless of this bill, schools can still move forward with documenting or enabling or facilitating for their employees to, to make reports?

GALEN BOLDT: Yes, we can. But it doesn't do anything to prohibit the activity because nothing gets done unless--

CAVANAUGH: I understand.

GALEN BOLDT: --the law enforcement sees it.

CAVANAUGH: And is there a view that, by making these reports, it's going to prohibit the activity?

GALEN BOLDT: Well, if there is a punishment of sorts that happens because of a report one of our drivers make, I promise that word gets out in a hurry who got ticketed, who didn't get ticketed. Right now, nobody gets ticketed unless the law enforcement sees it. So, I mean, who knows what happens if you pass this? I have a belief that it will help to prohibit those things from happening.

CAVANAUGH: OK. Thank you.

FRIESEN: Thank you, Senator and Mr. Boldt. Senator DeBoer.

DeBOER: I think it's a great idea to try and get these-- I don't know-- school bus arm violations taken more seriously. I'm just not entirely confident that we couldn't already do this. And I think the issue is more with the allocation of-- I'm trying to wrap my head around this, which is why I've been asking these questions.

GALEN BOLDT: Sure.

DeBOER: I think the problem is that what we're saying is that law enforcement is not taking those violations seriously enough or they're not tracking down those violations, because I just don't see what we can do differently here that we couldn't do now before we passed this bill. And yes, the reporting is the same, but also the law enforcement. So, so is what this bill is trying to do is just try to

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make law enforcement take us seriously? Is that kind of your understanding of what, what you want to happen here?

GALEN BOLDT: No, I think law enforcement takes it seriously now. But the current law requires them to see it. And if they're not on the bus or they're not somewhere where they've witnessed this, then there are no violations that get issued.

DeBOER: OK. That wasn't my understanding of the current law. So if that's, if that's the difference--

GALEN BOLDT: Yeah, that's my understanding of it.

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

KYLE McGOWAN: Good afternoon, Chairman Friesen and members of the committee. My name is Kyle McGowan, K-y-l-e M-c-G-o-w-a-n. Today I'm representing the Nebraska Council of School Administrators, and we'd like to thank Senator Slama for introducing this school bill. It just so happens that, in my earlier days as an administrator, I drove a school bus and I was a transportation director. So I, I, I do have a little bit deeper sensitivity to the topic. We believe that school bus violations are on the rise. It's difficult for bus drivers to maintain a focus, first of all, on their, on their kids, because they're driving defensively and looking for traffic to come. And for them to get a complete description of a vehicle-- you were just talking about front and back license plates, which, by the way, I think that's important in light of this particular bill, as well. But partial information can be received. So you could see the color of the car, the make of the car, what direction is the car going? What time of the day is it? And that information all might be complete except for maybe only a partial plate number. So LB789 is stating that you, you may document this violation and give as much information as possible. Then, as you send it to local law enforcement, which could be city or county, those folks now have by legislation a requirement to investigate information that's only partial, versus before, which I can speak to firsthand, it was, well, it's not that we don't believe you, but really there's not enough information to really have this stand up in court. Whereas now, this legislation would say it is requiring an investigation even with not 100 percent complete evidence, if that makes sense. It also requires a time line in which the investigation must take place. So I understand the concern about the owner of the vehicle versus the driver of the vehicle. But my guess is, if the owner wants to take the blame for the driver, you know, they'll have to take that into consideration, as well. We

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believe that these steps will help reduce the number of violations of passing a bus as students are in danger. So I'd be happy to answer any questions.

FRIESEN: Thank you, Mr. McGowan. Any questions from the committee? Do, do most buses these days have cameras on them?

KYLE MCGOWAN: Inside, almost every bus does.

FRIESEN: OK.

KYLE MCGOWAN: But I'm not aware of any buses that have them on the outside in Nebraska. I'm not saying that that doesn't, isn't taking place, but I think it would be unusual.

FRIESEN: OK. Seeing no other questions, thank you for your testimony. Any other proponents of LB789?

RICHARD CASEY: Good afternoon, Senator Friesen and committee members. My name is Richard Casey, R-i-c-h-a-r-d C-a-s-e-y, I am the director of transportation for Bellevue Public Schools, and I'm speaking today in support of LB789 on behalf of Bellevue Public Schools. As I'm sure you're aware, school buses are the safest mode of transportation for school children. According to the National Highway Traffic Safety Administration, students are 70 times more likely to get to school safely in a school bus than any other mode of transportation. Although the death of one child is one too many, considering that 23 million children ride a school bus to and from school every day, school buses have a remarkable safety record in terms of injuries and deaths. An average of five students are killed inside a school bus annually, less than 1 percent of the traffic fatalities nationwide. Unfortunately, in the area directly around the outside of the school bus, typically called the danger zone, the statistics are not so good. An average of 19 children are killed in this danger zone every year, many by passing motorists who ignore the school bus stop arm. In 2013, an elementary student was exiting her Bellevue Public Schools school bus when a passenger vehicle passed the bus between the sidewalk and the road in the grass median. If not for the quick thinking of the school bus driver who grabbed the child's backpack to keep them from stepping down those steps. The child would have stepped off the bus directly into the path of an illegally passing vehicle. That incident was a wake-up call for me as to how serious this issue of school bus stop arm violations really is. For many years, Bellevue Public Schools' bus drivers have annotated stop arm violations on a form that was then forwarded to Bellevue Police or Sarpy County Sheriff, depending on where that violation occurred. This is an example of one of those

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forms. Unfortunately, as was spoken here before, because law enforcement didn't observe the violation and in the absence of legislation that supported the issuance of the citation, the violator only received a letter in the mail telling them you may have ran a stop arm. Following this 2013 incident, I began tracking a number of violations that were being reported by our 76 school bus drivers in Bellevue. In 2014, we had 212 violations reported. In the succeeding years, our drivers have captured an average of 196 violations every year. It's important to note that these are the violations that the driver was able to report because they could, they were able to actually see a license plate number. Because without a license plate number, we would not submit that. Because the bus driver's primary responsibility while loading and unloading is monitoring the safety of that process and sometimes taking attendance, I would submit that several hundred additional violations occur every year that are never reported because they did not get the correct information. I would also note that, with over 1,500 violations in Bellevue Public Schools over the last six years, no citations have been issued. In 2014, Bellevue Public Schools began a partnership with a local company to install stop arm cameras on 11 of our school buses. So to answer that previous question, we do have stop arm cameras on some of our buses. These systems are fully automated and require no action from the driver to capture a violation. These 11 buses alone have captured 111 violations in just the first 103 days of this school year. I share these numbers to illustrate the seriousness and the magnitude of this issue and the risk that we are accepting by not putting teeth into the enforcement of those who choose to violate this law. Nebraska Statute 60-6,175 is a wonderfully written statute that spell out, spells out what a motorist is to do when they approach a stopped school bus that is loading and unloading students. Unfortunately, the statute has no teeth. Due to the limited ability to enforce this law, there is little deterrence for drivers who put children's lives at risk every day. Iowa school bus drivers complained for years about this lack of deterrence for people who run school bus stop arms. Unfortunately, it took the death of Kady Halvorson in 2012, who was struck by a vehicle that ran her stop arm, for the state to implement a law, now called Kady's Law, that made it easier for violators to be accountable. And Iowa's law is similar to the law, or the bill that you're looking at today. In 2018, three children were killed by a motorist who ran a stop arm of their stopped, their stopped school bus in Indiana. Nine months later, after the horrific death of these three children, Indiana lawmakers passed a more stringent bill that made-- that allowed for easier convictions and harsher penalties for those who run stop arms of school buses while loading and unloading students. Senators, let's not wait until we have a death in Nebraska to

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implement a real deterrent to those who put children's lives at risk every day. Thank you, and I'd be happy to answer any questions.

FRIESEN: Thank you, Mr. Casey. Senator Bostelman.

BOSTELMAN: Thank you, Chairman. Thanks for being here today. My question to you will be, now since you implemented, implemented the cameras, and now since you've had violations documented, recorded on the cameras, have you taken that to local law enforcement? And what's been the response?

RICHARD CASEY: We continue to share that with law enforcement, both Sarpy County and Bellevue Police. Senator Crawford actually wrote a bill, I believe, last year, but it never got introduced. It's the same issue with having a, a verbal or a written issuance to law enforcement. There is no legislation that supports video, video or still photography as evidence. Certainly a police officer could take that and write a citation. The question is, will it stand up in court?

BOSTELMAN: So I guess I would follow up the question as Senator DeBoer has kind of been talking-- asking these questions and what she-- I think I would kind of go along the same lines about this, if I-- I would think that in the case-- and I'm kind of curious why, why they're not seeing it this way-- if you have a, especially if you have a photography-- still image or a video of a car, vehicle passing and you have a bus driver that says, I saw that, that that bus driver writes that complaint to the local law enforcement, that that doesn't go to court, because my understanding of that situation, what would happened is, is the prosecution, that that bus driver then would be called to testify and say, yes, that is-- I did see that and that is representation that-- I'm just kind of curious why that's not being done. I mean, that's-- seems like, it seems like, it seems like it should be.

RICHARD CASEY: I agree 100 percent, and I wish it was. When we installed these cameras, we were hopeful that that would be the case. There's, I'm guessing, about nine states that have passed laws to allow photographic and video evidence to overcome that issue of when it does go before a court, that the police officer actually never witnessed it. And I agree with you. It's to me, it's similar to a vehicle accident. A police officer responds-- they weren't there, they didn't see the accident. But through their investigation they determined that it was my fault, I'm probably going to get a citation. Logically, as you were saying, this makes sense. This work-- should work the same way. Unfortunately, in my experience, having worked this now for many years, police officers and county attorneys, as a matter

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of fact, as I've talked to ours, are not interested in pursuing this without some legislation.

BOSTELMAN: OK, thank you.

RICHARD CASEY: Sure.

FRIESEN: Thank you, Senator Bostelman. Any other questions from the committee? Seeing none, thank you for your testimony. Any other proponents of LB789?

CHERI WIRTHELE: Good afternoon, my name is Cheri Wirthele, C-h-e-r-i W-i-r-t-h-e-l-e. Chairman Friesen and members of the Transportation and Telecommunications Committee, my name is Cheri Wirthele, and I'm a board president, I am the board president of the Educational Service Unit 4 in Auburn, Nebraska. I'm also the board president of the Sterling Public Schools. I am here representing my board, as well as the Nebraska Association of School Boards. Thank you for giving me this opportunity to share with you my thoughts and the support of LB789. In addition to my service on the school board, I've been employed by Sterling Public Schools to drive a school bus for 21 years. In those 21 years, I've also driven for Waverly, Syracuse, and Freeman Public Schools. My job, as a bus driver, is to get my students safely from home to school and back home again. Safety is a priority for me. It's my responsibility to do all the safety checks and procedures to make sure my students can board my bus safely. That means making sure all my lights work on my bus and my bus stop arm. When a driver chooses to pass or go around my bus and the red star-- stop arm is flashing lights, he or she puts my students outside and inside my bus in danger. My experience tells me these violations, this, these violations do not just happen on highways. They occurred in the city and on the country roads, as well. Of all things, last week, there were two incidents that occurred on Highway 41. One was an older woman who came towards me and didn't even seem to realize the stop arm was out. No honking, no flashing my lights, flashing lights or even trying to get the attention seemed to faze her or to even stop. Later in the week, of all things, a driver came up behind me, slowed down, and went around while the arm, arm was out. This was at the place where they were able to see that the student was loading and unloading or at that time was unloading. The safety of that kindergartner is in my hands. Being able to have the opportunity to make the driver be aware of his or her endangerment of the bus student safety would be vital. LB789 allows for enforcement of these violations without video evidence. It allows bus drivers like me to supply specific information regarding the vehicle involved in the incident and does not rely on video evidence. You know, this would

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enhance the ability of law enforcement to enforce bus signal violations and keep bus students safe before and after school. LB789 also helps those districts such as mine that-- who are unable to or cannot afford to install cameras on their route buses, and allows for every-- even more equitable enforcement of law, enforcement of law across the state of Nebraska. I would encourage that you and the committee members to work with administrators to alleviate any concerns. But I encourage you to support LB789 and to vote to advance it out of committee. Maybe we could get through to some drivers before we could lose a precious Nebraska student's life. Thank you for the time, and I appreciate you allowing me to share my heart. Thank you.

FRIESEN: Thank you for your testimony.

CHERI WIRTHELE: Thank you.

FRIESEN: Any questions from the committee? Senator DeBoer.

DeBOER: This is more a comment. I want to say thank you very much for being a school teacher or a school bus driver all that time. I know that's a thankless job sometimes. I remember being on the bus. So thank you for that. And I want to tell you, I'm not sure, and I'm willing to look into it more that this changes the law. So I would encourage you to do all of the things that you're saying now and all your-- tell all your bus driver friends, maybe if we flood enough of the, I mean, we need to report these things as it is now or later. So I would encourage you to do so.

CHERI WIRTHELE: Thank you. I will keep doing it.

DeBOER: Thank you.

CHERI WIRTHELE: Thank you.

FRIESEN: Thank you, Senator DeBoer. Seeing no other questions, thank you for your testimony.

CHERI WIRTHELE: Thank you very much.

FRIESEN: Any other proponents?

ROBERT LUEDERS: My name is Robert Lueders, R-o-b-e-r-t L-u-e-d-e-r-s, and I guess there's been people talking about me, but I am definitely for this bill or anything we can get to make things better for the bus driver. I've been driving for eight years now, and our hands are tied because I have personally written down all this information and visited with the sheriff, and he says, I can't do nothing about it

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because I didn't see it. So, you know, I don't know how judges feel about this, but what I understand, judges say zero tolerance on anybody that does this violation. So I don't want to repeat what the other ones have said, but I'm the one that-- I got to thank Senator Slama because I talked to her and she has brought this bill this far, and I think she's doing a great job. And I hope we can put this on the hot burner and get something done this year, you know. I watch you guys quite regularly and I-- this, I've learned a lot about the Legislature and I'm learning a lot today about the process. So it's, it's very interesting, and it's something I didn't grasp when I was in high school, but it's interesting now to me. And I've been out almost 50 years. So I want to thank you very much for your time, and I hope we can work something out somehow to save lives.

FRIESEN: Thank you for coming and being part of the process.

ROBERT LUEDERS: Thank you.

FRIESEN: So any questions from the committee? Senator Cavanaugh.

CAVANAUGH: Thank you. Thank you for being here. How many years did you say you've been driving a bus?

ROBERT LUEDERS: Eight years.

CAVANAUGH: Eight? So on behalf of all grown schoolchildren who also rode on a school bus, we eventually learned to behave better-- maybe.

DeBOER: You can judge.

CAVANAUGH: Yeah, you can judge, but--

ROBERT LUEDERS: I, I have asked probably 30 different people if they would like to drive a bus,--

CAVANAUGH: No.

ROBERT LUEDERS: --and they say no way.

CAVANAUGH: I don't, I don't, I don't think I could be a schoolteacher, a bus driver, or a childcare worker. Those are thankless jobs, and thank you for doing it and taking care of our kids.

ROBERT LUEDERS: I don't know of hardly any schools that don't have a shortage of bus drivers. And--

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FRIESEN: Thank you, Senator Cavanaugh. Any other questions from the committee? Seeing none, thank you for coming in.

ROBERT LUEDERS: Thank you.

FRIESEN: Any other proponents of LB789? Seeing none, anyone wish to testify in opposition to LB789? Seeing none, anyone wish to testify in a neutral capacity? Seeing none, Senator Slama, do you wish to close?

SLAMA: Thank you, Mr. Chairman. Wow, what a great turnout from District 1 today. That was pretty, pretty cool. So I'm more than willing to work with members of this committee on compromise amendments to work out issues you may have with LB789. I am looking at this as a potential priority bill. And I'd just like to leave you with a final thought. The costs of maintaining these records within the school district, likely just a few sheets of paper every year, is minuscule compared to the life of a child. I don't want to be sitting here next year with the same bill named after the Nebraska student killed because we failed to take action on this issue and give our statute some teeth. Again, this isn't a ribbing on our law enforcement officers. They're doing everything they can right now with the statutes as they were written. Their hands are tied right now. So this isn't a critique of them, this is to empower them to halt this issue before we have our case of a student killed by a distracted driver violating a school bus stop arm sign. Thank you very much, and I look forward to working with you all on this bill.

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

CAVANAUGH: Thank you. Sorry, I have one more question that occurred to me. Does this allow or create an opportunity for just public citizens or private citizens to report to law enforcement? I'm just thinking like in my neighborhood, there's school buses coming through. So could I make a report if I see a violation?

SLAMA: Not under this bill. And I could see a problem there of a potential conflict of interest, of having private citizens create paperwork that a school district would then have to maintain.

CAVANAUGH: Sure. I just wanted to clarify that that was [INAUDIBLE].

SLAMA: Yes.

CAVANAUGH: Thank you.

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FRIESEN: Thank you, Senator Cavanaugh. Seeing no other questions, thank you, Senator Slama.

SLAMA: Thank you, Chairman Friesen.

FRIESEN: That will close LB789. And we'll take about a five-minute break and then we're going to go into Executive Session.