

Transcript Prepared by Clerk of the Legislature Transcribers Office
Appropriations Committee February 8, 2021

*Indicates written testimony submitted prior to the public hearing per
our COVID-19 response protocol

STINNER: Welcome to the Appropriations Committee hearing. My name is John Stinner. I'm from Gering and I represent the 48th District, which is all of Scotts Bluff County. I serve as Chair of this committee. I'd like to start off by having members do self-introductions, starting with Senator Clements.

CLEMENTS: Thank you. Rob Clements. I represent District 2 in Cass County, Sarpy, and Otoe.

McDONNELL: Mike McDonnell, LD5, south Omaha.

HILKEMANN: Robert Hilkemann, District 4, west Omaha.

STINNER: John Stinner, District 48, all of Scotts Bluff County.

WISHART: Anna Wishart, District 27 in west Lincoln.

DORN: Myron Dorn, District 30, Gage County and southeastern Lancaster.

STINNER: Assisting the committee today is Brittany Sturek. Our fiscal analyst for transportation is out. At each entrance you'll find green testifier sheets. If you are planning to testify today, please fill out a sign-in sheet and hand it to the committee clerk when you come up to testify. If you will not be testifying at the microphone but will want to go on record as having a position on the bill heard today, there are white sign-in sheets at each entrance where you may leave your name and other pertinent information. These sign-in sheets will become exhibits in the permanent record at the end of the-- today's hearings. To better facilitate today's proceeding, I ask you abide by the following procedures. Please silence or turn off your cell phone. Move to the reserve chairs when you are ready to testify. Order of testimony: introducers, proponents, opponents, neutral, and closing. When we hear testimony regarding agencies, we-- we will first hear from the representative of the agency. We will then hear testimony from anyone who wishes to speak on the agency's budget request. Spell your first name and last name for the record before you testify. Be concise. It is my request that you limit your testimony to five minutes. Written materials may be distributed to committee members as exhibits only while testimony is being offered. Hand them to the page for distribution to committee and staff when you come to testify. We need 12 copies. If you have written testimony but do not have copies, please raise your hand so the page can make copies for

Transcript Prepared by Clerk of the Legislature Transcribers Office
Appropriations Committee February 8, 2021

*Indicates written testimony submitted prior to the public hearing per
our COVID-19 response protocol

you. With that, we will begin today's hearing with LB579, Senator Moser.

MOSEER: Good morning, Chairman Stinner--

STINNER: Morning.

MOSEER: --and Appropriations Committee. My name is Mike Moser; it's M-i-k-e M-o-s-e-r. I represent Legislative District 22. LB579 appropriates \$70 million to the Nebraska Department of Transportation toward 2019 flood damages that strained the NDOT's budget. Upon federal reimbursement of this \$70 million, it will be paid back to the General Fund. The bill also requires more detail in the annual report to the Transportation and Telecommunications Committees on the Nebraska expressway system, among other projects, but that's my main interest, is the expressway system. There have been numerous delays in the expressway system. It was originally scheduled to be completed in 2003. This is now 2021 and it's 18 years since the completion date that was set in 1988. The benefits of completing the Nebraska expressway system are safety. We've had numerous accidents along that-- along the potential areas that are going to be built into four lanes. In particular, between Schuyler and Fremont, we had an industrialist from my district who went to Omaha to sign a multimillion-dollar sale of his industry and then on the way back from-- probably with the check in his pocket, he was killed in an accident in that stretch of Highway 30. Some of the people who have been injured and-- and killed were not as famous and notable, but all those losses are important. I think it's important for economic development for a number of reasons. It makes it easier for people to travel to Omaha, Lincoln, places where they want to go for business, for pleasure, for a football game, for a hockey game, basketball game. So it would be good for the big cities as well as the smaller towns. Towns that have an expressway or an interstate grow faster than-- counties that have interstate grow faster than counties that are not on the expressway system. We have hundreds of thousands of chickens traveling through our part of the state to the processing plant in Fremont. One of the transportation managers from Behlen Manufacturing is going to testify this morning to talk about how it affects them. They do \$200 million worth of business, give or take, at Behlen's, and a lot of that is hauled out of there by semi-truck. There's an amendment that we're going to propose in the bill. It says, on line 8, page 4, "Heartland Expressway" and it should say "expressway system."

*Indicates written testimony submitted prior to the public hearing per
our COVID-19 response protocol

Heartland Expressway is just a subset of the transportation highways in Nebraska, so that was a mistake on my part. And then on line 11, we would strike "and" and after "letting" insert "and required funding for project completion." Since this was-- well, since 2003-- this particular chart doesn't go back farther than that-- construction costs have gone up 54 percent in those-- from there to 2-- 2019 is the last number, so 16 years, it's gone up 50 percent while we've been trying to get all our ducks in a row to make this all work, so I think it's imperative that we keep things moving along. The advantages of my bill are, with this improved reporting to Transportation and Telecommunications, we'll be able to see more clearly whether we're going to meet our goals or not. They do provide quite a bit of information already, but I'm looking to get it in a little bit more readable form so we can keep track of it as we go forward. And then also there's some uncertainty about letting projects because they haven't gotten reimbursement from the federal government yet on that \$70 million, which I think is imminent, but we don't want it to affect the scheduling of projects. So with that, I would answer any questions if anybody has a question. I just-- I might mention that in that time since the expressway system was defined back in '88, we've had five different governors. We've had five different senators representing my district, including me. We've had eight different directors of transportation in that time, and their average tenure was four-and-a-quarter years. So having a little bit better reporting, I think, is a good thing. And when-- and I think there's some slippage if we don't have it well documented where we're going and whether we're making progress.

STINNER: Thank you, Senator. Senator Clements.

CLEMENTS: Thank you, Mr. Chairman. Thank you, Senator Moser. What highways are you specifically targeting here or are supposed to be on the schedule?

MOSER: Well, I don't have the definition of it right handy, but the expressway systems on page 3 of their report to Transportation and Telecommunications, there were originally about 600 miles of expressway and they have about 450 or so done. That's a question maybe we could ask the Department of Roads for the specifics.

CLEMENTS: All right.

*Indicates written testimony submitted prior to the public hearing per
our COVID-19 response protocol

MOSER: The-- the reason that I'm getting involved is because it's been 30 years that we've been trying to get this done. And I'm probably not going to live long enough to get it done, the way it looks, and so I'm trying to move things along, represent the-- the people in my district. They-- when I go back and tell them, well, you know how government is, you know, we-- two steps forward, one step back and one step forward and two steps back, some things, depending on what we're doing, they don't like that answer.

CLEMENTS: Yeah.

MOSER: You know, they want to see facts, action. You know, the-- the standard excuses of, you know, red tape and all that just don't-- they just don't wash with my citizens.

CLEMENTS: What are the highways in your district that are affected?

MOSER: Well, in my district-- actually, it's not even in my district, to be truthful. It's Highway 30 and it's already completed to the other side of Schuyler. And right now, it ends in a cornfield just north of North Bend. But we have more industry in Columbus per capita than any other city in the state, and they have to truck this, the finished products and the raw materials, in. Some of the-- some of the in they get by rail because they're on the UP system. But that stuff all has to travel. And so it'd be Highway 30, 275 are probably the two biggest concerns. Senator Walz has a bill, and then Senator Flood also has interest in this because they have some industry in Norfolk that would benefit from having expressway access. They can get to Columbus, and we can get seven miles south, but then we go back to two lanes. You can go east, you can get to Rogers or so, and then the road splits. And when I was mayor, we had numerous industrial proj-- prospects come in and they would ask, well, what's your transportation like, and what's the timeline to get it done? If we build a plant here, by the time we get the plant done, are you going to have the highway ready? And we lost some of those. You know, they-- just-in-time manufacturing doesn't work well when you have a slower moving transportation system. It just-- it helps everything move more quickly.

CLEMENTS: Thank you.

STINNER: Senator Hilkemann.

*Indicates written testimony submitted prior to the public hearing per
our COVID-19 response protocol

HILKEMANN: Yeah. Senator, thanks for bringing it. I've been on that-- that Highway 30 and I used to use 275. My mother lived in Norfolk a lot, so I know both of those highways well. Why has that-- why has that been-- I've always wondered, why is it-- was that segment never done on-- take-- take the-- the Highway 31. Have they ever given you any excuse why we would build it up?

MOSER: Here's the pamphlet I-- or the collection of files I got from the Chamber of Commerce. Every one of these predicts when it's going to be done, what's going on, all the previous directors. All those little pink tags are an excuse.

HILKEMANN: Wow.

MOSER: And we don't have enough time to read them all.

HILKEMANN: OK.

MOSER: I mean, I understand that the Department of Roads is a separate entity and we're not supposed to tell them what to do, or at least they don't like being told what to do. But, you know, you can't blame somebody for trying to grab the wheel of the bus when we're not going anywhere.

HILKEMANN: Right. And-- and if I under--

MOSER: I shouldn't say not anywhere, not quickly enough.

HILKEMANN: Right. If I understand what your-- what this proposal is, is that you want-- you want us basically to advance the-- the \$70 million now, because the feds will eventually come in with the \$70 million? Is that-- is that where we're at?

MOSER: Yes. You-- they-- you really wouldn't have to even give them the money at this point if they knew they could draw on it, if they needed it, because until they get that \$70 million, they're going to be a lot more cautious letting projects, contracts on projects to make sure that they don't overextend themselves. So if they had this promise, this IOU from-- from the Appropriations, then I think that would help them, because that's one of the excuses I got, you know, when I was talking to them about how things are going, where are we at, and that's one of the things they brought up, so-- and then the more reporting just makes-- I-- I'd like to see a matrix of the years,

*Indicates written testimony submitted prior to the public hearing per
our COVID-19 response protocol

the costs, and what timeline we have for each project because each
project takes multiple years to complete.

HILKEMANN: Yeah.

MOSER: So, you know, there-- there are a million reasons that you've
got bugs and bunny reports, you know, where you have to check to make
sure you're not endangering any species, you're not-- they-- they
called some of the irrigation drainage dishes-- ditches navigable
rivers of the United States, you know, and you'd have to carry your
canoe down those-- their waters.

HILKEMANN: Yeah.

MOSER: Some of them, it's that deep.

HILKEMANN: Yeah, the-- the-- and this is not really-- I've always been
one who thought we should-- I-- I know that we don't bond for roads,
but-- but this really isn't a-- this is not really like a bond program
for that road. Am I correct?

MOSER: You're correct.

HILKEMANN: Yeah.

MOSER: There-- there is a bill to allow bonding that Senator Walz is
bringing, and I think that's going to go to Revenue. But the cost of
bonding is less than inflation in the construction costs. Right now,
ten-year bonds are hovering around 1 percent.

HILKEMANN: Yeah,

MOSER: and from '03 to 2019, construction costs have gone up 54
percent, so you'd have 13 percent in 1 percent per year if you went
that-- issued those bonds, versus 50 percent in construction cost.

HILKEMANN: If-- if I'm correct, one time I looked at this, Senator, I
think-- I think that this whole project came during the Governor Orr's
plan. I think that's when it was laid out. If we had done it back
then, it had been completed, then our state would have been a lot
further along. And it just-- we just delay-- every delay costs us a
lot of money.

*Indicates written testimony submitted prior to the public hearing per
our COVID-19 response protocol

MOSEK: And it doesn't take much to delay. You know, you've got so many
moving parts. If one thing stops, it's just kind of cascades--

HILKEMANN: Yeah.

MOSEK: --and makes everything fall backward. Kay Orr was the Governor
in '88 when the bill was first brought, then, of course, Ben Nelson,
Johanns, Heineman, and now Governor Ricketts.

HILKEMANN: Yeah.

MOSEK: So we've had five governors in that span.

STINNER: Senator Kolterman.

KOLTERMAN: Thank you, Senator Stinner. I appreciate you bringing this
bill. I'm-- I-- as you know, we've talked, I'm fully supportive of
what you're trying to do here. But I-- I want to remind you that 275
and Highway 30 aren't the only ones. Highway 81 from York to Columbus
is in dire need of being finished. It's only 42 miles and that would
get us to Columbus. And then of course, going north out of Norfolk,
that hasn't been done either. So there's-- there's a big need for all
this, if we're-- especially if we're going to promote economic
development in our state and continue to get the-- the goods to and
from. Right now, they tell me that they're bypassing 81 and going,
taking the interstate over to-- and coming up north on 29, which
bypasses Nebraska completely. We don't want that to happen, so--

MOSEK: I-- I agree, Senator. I-- the uncompleted part of the
expressway is around 150 miles.

KOLTERMAN: Yeah.

MOSEK: And the two that I've talked about that affect my district are
just a subset of that. And my bill encompasses the whole expressway
system, not just the ones that I get calls every week about.

KOLTERMAN: I know, but I'd be remiss if I didn't remind you about 81.

MOSEK: Well, 81 is only-- I mean, it's only paved four lanes for seven
miles in your direction.

KOLTERMAN: Yeah.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Appropriations Committee February 8, 2021

*Indicates written testimony submitted prior to the public hearing per
our COVID-19 response protocol

MOSER: And so that gets out of my district, as far as where the end of it is, but I'd like to see that completed too. But they are farther back in the planning and-- and design stages from-- on that highway. And so trying to say that those are going to be completed in my lifetime, you know, is probably-- I mean, there are things that I'm willing to try to do, but impossible, I just don't know.

KOLTERMAN: Never say never.

MOSER: OK, well--

KOLTERMAN: All right.

MOSER: --we'll keep the pedal down and we'll see where we're going.

STINNER: Senator McDonnell.

McDONNELL: Senator Moser, thank you for being here today.

MOSER: Thanks.

McDONNELL: And I-- I understand the people's frustration, hearing excuses for 30-plus years, and what you're trying to do with this-- this bill. We're talking about \$70 million. Are we guaranteed as the state of Nebraska to get that \$70 million back from the federal government?

MOSER: I don't have a good answer to that question. I would say I know the Director of Transportation is here today, and you could ask him, you know, whether he-- or Senator Stinner may have better information on that. I am 90-some percent sure that's going to happen, but it's not within my control and I wouldn't know the most about it in this room, so I would say to ask the experts. But that-- that question is possibly delaying some bidding of projects, and that's why I brought the bill.

McDONNELL: Thank you.

STINNER: I'm-- we're out of time, so I have to ask a question. I got 11:10. But--

MOSER: Sure.

*Indicates written testimony submitted prior to the public hearing per
our COVID-19 response protocol

STINNER: --I'm going to make a statement. The infrastructure bank was set up, Build Nebraska Act. Two cents was supposed to go in. Two cents equals about \$28 million, 14 cents-- or \$14 million. So if I just looked at the infrastructure bank at the beginning of the fiscal year, \$62 million was in that fiscal-- in that infrastructure bank that had built up. We spent about \$32 million on construction. Give and take some numbers, we got about \$43 million in the infrastructure bank right now with \$14 million to come in for the other six months out of this year of 57. I would say that I would encourage the Department of Transportation to fully utilize the infrastructure bank, which they have not so far, so I would inquire about that, plus the fact that there are other cash-flow situations. When you look at the-- at the fund, there-- if-- if the low point in the fund is \$30-40 million, obviously, that could be utilized as well. So this is something that we need to pay attention to. I have to leave for a meeting, but I wanted to put that on the record. Build Nebraska was absolutely focused in on that quarter cent. I don't have that number. I hope we get that number in terms of total amount to be devoted to developing expressways. So I think that quarter cent or a portion of it needs to be kind of divined out and \$28 million put on top of that, and that will be your annual amount that you could spend on expressways. I think you'll be pretty close to your \$70 million.

MOSER: Thank you.

STINNER: With that, I've got to run, so--

WISHART: Does anybody else--

MOSER: Thank you, Senator Stinner.

STINNER: Senator Wishart. Yeah.

WISHART: Anybody else have questions? Senator Erdman.

ERDMAN: Thank you, Senator Wishart. I appreciate it. Senator Moser, thank you for bringing this to our attention. I see you-- in your bill, you're talking about the Heartland Expressway having a review to see the number of miles in expressway systems being completed and expected milestones for the date of the rest of the project, including planning and permitting and designing. I appreciate that. We have been talking about that for a long time in western Nebraska as well. And so

*Indicates written testimony submitted prior to the public hearing per
our COVID-19 response protocol

we need to bring it to the attention of the department that we charge them with doing certain things at a certain time, and we have exceeded those time limits, and for whatever reason, I'm not sure exactly what it is. But as time goes by, my working relationship with the department is similar to, I'm sure, yours, is, we'll get to it when we get to it. And there are really no concrete milestones set, you know, and some of the projects that they do, like on the Heartland Expressway, baffles me to see what they do. And that's part of the reason why we haven't gotten this done. So when your comment was made that we're not supposed to tell them what to do, somebody needs to. So I appreciate you bringing this. I'm looking forward to seeing what the results of the-- the reports are. Thank you.

MOSER: Thank you. I-- I did make a mistake in using that word "Heartland Expressway" in my original draft of the bill, because it's a larger area than just the Heartland Expressway. Somebody from-- closely connected to the Heartland Expressway emailed me and-- and pointed that out to me. And-- and so I want to make sure that you understand that I'm looking at the whole project, not just the Heartland Expressway part of it. Some of that has been completed. I don't know exactly what that status is, but I-- I regret, you know, making a mistake there, but, you know, and I-- and I've been talking to them. In fact, the gal who's executive director of the Heartland Expressway system or-- I'm not-- I'm paraphrasing there, but she said, well, why don't you just go talk to the Department of Roads, they're reasonable people, and tell them what you want. And I said, well, that's how we got where we are. I've been talking to them and they have so many forces on them, they sometimes ignore what we say. You know, they've got federal regulations, they work at the pleasure of the Governor, you know, so they've got-- they've got a lot of bosses. But I brought the bill because I want to bring some attention to it and I want to try to move things forward, so.

ERDMAN: Very good.

WISHART: Any other questions from the committee? Thank you, Senator Moser. Will you be staying for closing?

MOSER: Sure, sure. Thank you.

*Indicates written testimony submitted prior to the public hearing per
our COVID-19 response protocol

WISHART: Well, this opens this hearing up to proponents. Anybody here to speak in support of LB579? And please state your name and spell it for the record.

DENNIS HIRSCHBRUNNER: Good morning and thank you, Senators, for allowing me to testify this morning. My name is Dennis Hirschbrunner. I'm from Columbus, Nebraska. I'm a retired professional engineer, and I've been involved in the transportation program in Nebraska since 1970. My original testimony was going to be identical to Senator Moser's, so if you would allow me, I'm going to give you some other perspectives and maybe answers Senator Hilkemann's questions and give you a little bit more information, as well as Senator Kolter--

CLEMENTS: Excuse me. Would you spell your name?

DENNIS HIRSCHBRUNNER: Oh, sure.

WISHART: Yes.

DENNIS HIRSCHBRUNNER: D-e-n-n-i-s H-i-r-s-c-h-b-r-u-n-n-e-r. I started my career in 1970 and I worked for the, at that time, the Nebraska Department of Roads. And I went to the military and when I came back, I actually went to the Health Department, and then I was a charter member of the Nebraska Department of Environmental Control when that agency was formed. And then I went into private practice. And so I've been involved in the transportation business for over 40 years. What I would-- what I would like to-- to-- first of all, to Senator Kolterman's question, you can drive from York, Nebraska, to Houston on four-lane all the way, but you can't go north out of York unless you drive on two-lane to Columbus, four-lane from Columbus to Norfolk, and two-lane from Norfolk to Yankton. So the-- and that's if-- that's the-- originally that was called the Pan-American Highway. And Columbus is unique in that Columbus sits at the confluence of the-- of the Pan-American Highway and the Lincoln Highway, U.S. 30 and U.S. 81. So it's-- in the-- in the transportation business, it's very unique in that with the-- with the amount of industrial-- industrial capacity that we have, a lot of material is shipped not only by rail, but it's also shipped by truck, both the east-west and north-south. And that's why the expressway system finished in the-- in the Columbus area, not just Highway 30 but Highway 30, Highway 81, and Highway 275. About seven or eight years ago, when we weren't seeing any progress on Highway 30, we-- I had just retired and we-- we put together a group

*Indicates written testimony submitted prior to the public hearing per
our COVID-19 response protocol

with the-- with the-- our friends from Fremont and our friends from Norfolk and our friends from Schuyler and our friends from West Point. And we sat down and said, OK, we need to get a four-lane connection to Omaha, and if it's not going to be 275, then it should be 30 because we're further along. And both-- both the-- both communities, at least the people that we dealt with, agreed. So we have pursued, and that's why we're at where we are now with Highway 30, the extension from Schuyler to Rogers to just east of Rogers. And actually there is about an additional four-- four to five miles of-- of four-lane that will not be used because the-- the exit-- entrance and exit to the four-lane will stop four miles west of North Bend. And the reason that-- the reason we did the-- that the state did that and all of us agreed was not to redirect a heavy amount of traffic through downtown North Bend, leave it where it's at right now. So there's-- there actually is about four or five miles that's completed that won't be driven on until the last 17 miles is complete. So last-- last August-- and I'll try to be brief. Last August, we had a dedication of a new viaduct in Columbus. And at that time, we had the opportunity to meet with the-- with the Department of Transportation and the director and a number of other people. We had discovered that in the-- in the Omaha World-Herald that the completion date for Highway 30 had changed again, to our dismay. We went from-- from 2023 to 2025, and the only way we found out about it was in the paper, and so when we met with them and asked them, the discussion and the-- the reasoning that they had was because of the 2019 flooding situation and the amount of money that that sucked out of the-- of the transportation budget, as Senator Moser had talked about and which really was the impetus for his bill and the \$70 million, to free that up. So--

WISHART: Can I just--

DENNIS HIRSCHBRUNNER: So--

WISHART: We are following a light system.

DENNIS HIRSCHBRUNNER: Right.

WISHART: So if you could wrap it up and then--

DENNIS HIRSCHBRUNNER: Yeah, I can wrap it up right now. I drove Highway 34 for-- for 20-- I drove Highway 30 36,000 miles a year for 24 years. I know how bad it is. I know how dangerous it is. And to

*Indicates written testimony submitted prior to the public hearing per
our COVID-19 response protocol

continue to-- after 32 years, the commitment that was made to the
citizens, I think the state owes it to finishing the expressway
system. Thank you.

WISHART: Thank you. Any questions from the committee?

KOLTERMAN: I have one.

WISHART: Senator Kolterman.

KOLTERMAN: Thank you, Senator Wishart. Appreciate you coming today.
Your history is going to be helpful. 4 Lanes 4 Nebraska has been
working on this for quite a few years now. And-- and I don't want to
throw the department under the bus, because they've done a pretty good
job in-- in recent years of trying to make some real progressive
changes in there. But as you know, if you've been around since 1970
and you've worked on 80-- 81, that's been drawn out and easements and
everything's been purchased or agreed to. Why-- I mean, it's 42 miles.
I mean, that at least gets you to Norfolk, which is a major hub. I
mean, you got Norfolk Iron and Metal, you got Behlen, you got ADM, all
those different businesses up north. Why-- why wouldn't we do those 42
miles? Is it because of acquisitions through the communities? Is it
because of-- is it just un-- too costly?

DENNIS HIRSCHBRUNNER: It all-- Senator, it-- it all re-- as I
understand it, I-- and the previous director is one of my college
classmates, so I've had quite a few discussions with him, but it all
comes down to priority and funding. It actually all comes down to
funding. They just-- they continue-- you know, and-- and what happened
with the flooding is it sucked away a lot of money that they had
come-- that they were going to use and now they had to use it for the
repair work. And-- and so-- but it all-- it comes down to funding and
priority, and that-- there's only 17 miles-- there's 17 miles of
Highway 30 yet that needs to be finished and will be-- be connected to
Fremont, as you said, 42 miles for-- for Highway 81. And-- and yet I
don't know that-- as Senator Moser-- Senator Moser and I are about the
same age. I don't know if it's going to get done in our lifetimes or
not. I would hope it would. I would hope we'd be able to drive four
lanes to Omaha and four-lane to York.

KOLTERMAN: Since you-- since you've been involved since about the time
I went to school as well, have you-- have you seen-- have you been

*Indicates written testimony submitted prior to the public hearing per
our COVID-19 response protocol

involved with any other states or talked to people in other states
that have utilized bonding and how-- and-- and especially right now
with bond rates as low as they-- they are?

DENNIS HIRSCHBRUNNER: Yes.

KOLTERMAN: Do you think that's a way we should look at this, or do you
think maybe a combination of bonding as well as [INAUDIBLE]

DENNIS HIRSCHBRUNNER: I think there is-- I think right now with the
finan-- with the fiscal conditions, not only with the state but with
the-- with the interest rates, with the inflation rate of
construction, I think that it would be well worthwhile to look at
that. Yes, many other states bond. Many other states are not in as
good a financial situation as we are because we haven't bonded. But as
you-- as-- as any entity-- as any entity, you may-- you end up looking
at and make good business decisions. And I think at this time, it
would be wise for the state to take a really hard look at binding, at
least in a short-- you know, in a short period, to finish the
expressway system. I think it would be money well spent.

KOLTERMAN: OK. Thank you.

WISHART: Senator Hilkemann.

HILKEMANN: Thank you for being here. The 275 project, that followed
that a lot. They were-- one of the excuses that they had for a long
time was that it was going to be very expensive to go through West
Point. And then the last department director said that-- that, you
know, they'd worked out the plan to continue to keep 275 through. They
were going to close off some streets in West Point and so forth.
What's happened? Do you-- do you have any idea what's happened to
that? I mean, I-- that-- that is just one that I used to have to drive
a lot. But-- but it makes no sense to me that we are in 2020 and we
still have these restrictions in our roads. It's-- I mean, I-- I would
think it'd be driving people out there nuts, to be honest with you.

DENNIS HIRSCHBRUNNER: It-- it-- it truly is. I mean, there is a
groundswell amongst the citizens because I hear it all the time. I-- I
don't-- I don't have any of the particulars specifically on 275. But
I'm sure that-- that the Department of Transportation can answer--
probably better answer your question for you.

*Indicates written testimony submitted prior to the public hearing per
our COVID-19 response protocol

HILKEMANN: Yeah. I mean, I think Senator Moser referred to some of the businesses that-- that have struggled in-- in Columbus, you know, keeping in business. I think Norfolk had that large metal fabrication company did not come as a result of 275 and 81 not-- or Highway 30. I mean, it just-- OK, thank you. I understand the frustration of you folks because I would be very frustrated with it.

WISHART: Senator Dorn.

DORN: Thank you. Thank you for coming today. Do you have any idea or do you have a ballpark figure, or maybe Department of Transportation, of approximately what is the cost of a mile of this expressway, a four-lane road?

DENNIS HIRSCHBRUNNER: Well, at one time-- at one time, we used a million dollars a mile, and now I think on the four-lane, I don't know, I-- I'm going to guess, but I'm-- I-- don't hold me to it. I think it's somewhere between two and four. And-- and the reason is, is because of some of the things that Senator Moser alluded to, the environmental-- the environmental considerations have increased significantly, the cost of construction continues to go up, and-- and the other thing is just the-- the delay, the time delay.

DORN: Thank you.

WISHART: Any more questions? I have one. Dennis, thank you for being here. I drive for my day job across the state, so I'm very familiar with these roads and completely agree that roads are a lifeline for economic vitality and for communities. So I'm really thankful that Senator Moser brought this bill. Kind of going back to the bonding discussion that Senator Kolterman brought up, in Lincoln, one of the ways that we have expedited the pro-- project at the South Beltway, if you're familiar with that, is by a bill that Senator Hilgers brought. It's not bonding, but it was a creative way for us to try to move that project up, since it was looking to be a long time before--

DENNIS HIRSCHBRUNNER: Right.

WISHART: --we would see it come to completion. Why don't we do that? At least, why don't we try to utilize that type of structure in other parts of this state?

*Indicates written testimony submitted prior to the public hearing per
our COVID-19 response protocol

DENNIS HIRSCHBRUNNER: That's a great question, and I don't have an answer for you other than I think that the-- I-- I think the need for the beltway in Lincoln triggered the-- the thought process. I think, you know, when they looked at-- when-- when would it poss-- when would it be possible to actually start construction, and it was years and years again, again, the same pro-- the same issue with-- with not enough money. I think some people got creative and-- and I-- I don't see any reason why that couldn't be looked at for some of these other projects as well.

WISHART: Well, thank you again so much for being here. Any-- any other questions? Well, thank you so much.

DENNIS HIRSCHBRUNNER: Thank you.

WISHART: Any other proponents? Thank you so much for joining us.

SHANDY HAND: Thank you.

WISHART: When you introduce yourself, please--

SHANDY HAND: Yes.

WISHART: --spell your name and say it for the record,

SHANDY HAND: My first name is Shandy, S-h-a-n-d-y, last name Hand, H-a-n-d. I am the president of BMC Transportation, which is the transportation division of Behlen Manufacturing in Columbus. We currently have over 100 owner-operators and we travel Highway 30 approximately 50 to 75 times a week. Highway 30 is our lifeblood to the-- to the east. We require all of our raw materials come from the east, so 100 percent of our raw materials travel through that lane each week. The other part of it is we are also looking to add more capital at our facility in Omaha. We have a division in Omaha that makes custom manufacturing. We are looking to grow that business, which would also require us more travel on Highway 30. Currently, our drivers are very hesitant to take Highway 30. If there are better options, they will take them. Obviously, when-- when we've had these conversations, Columbus does not have much better options, regardless of which direction you go. Our drivers have to be very selective on when they travel Highway 30, which causes us some delays. We feel it's caused us probably some employment, missed opportunities for employment. Drivers would rather be based out of Omaha or somewhere

*Indicates written testimony submitted prior to the public hearing per
our COVID-19 response protocol

where they can easily leave, come and go, versus Columbus, which is effectively landlocked. So the other part of it is Columbus, which is a major manufacturing city, is really struggling for employment. I think in the city of Columbus, there's probably about 1,500 manufacturing jobs shy right now. And we feel that employers or employees would be more willing to travel from Omaha or Fremont if it was safer to do so. I mean, right now, the condition, especially that section between North Bend and Fremont, is very unsafe, narrow shoulders. It's breaking apart. I mean, it's just not safe, not just for our drivers but anybody who travels that road. So I'm just here as a proponent, maybe just give everybody some information of how much traffic is actually on that, truck traffic, and how much Columbus relies on Highway 30 to feed its-- its manufacturing. So with that, I-- I'm good. If you have any questions, I'd be welcome to take them.

WISHART: Thank you, Shandy. Colleagues, any questions? Senator Erdman.

ERDMAN: Thank you, Senator Wishart. So in your process or manufacturing, have you got a time when you couldn't get material and you had to shut down?

SHANDY HAND: Yes. Obviously, the floods of 2019, that's kind of an anomaly, but Columbus was effectively isolated for three or four days.

ERDMAN: Right.

SHANDY HAND: But there has been other-- other issues, other weather issues, especially. Our drivers refuse to go down Highway 30. Like we had weather last week, we had drivers that stayed in Fremont for three days rather than trying to risk coming across.

ERDMAN: So if your-- if your drivers don't use Highway 30, how much further is it to take a different route?

SHANDY HAND: Basically, going the interstate to Highway 81, that would double the mileage between Omaha and Columbus. There are options. Ninety-two is an option; however, that adds about 20 miles. But really, most of the other options are very similar to Highway 30 right now, so there really-- really isn't a good, viable second option.

ERDMAN: So when they're shipping you raw materials and they have to go 50, 60 miles out of the way, do they increase their freight to you?

*Indicates written testimony submitted prior to the public hearing per
our COVID-19 response protocol

SHANDY HAND: Yes. Honestly, we haul most of it ourselves--

ERDMAN: OK.

SHANDY HAND: --so there's just an increased cost that we have. But
other outside carriers, they would charge for those extra miles.

ERDMAN: Cost \$2 or \$3 a mile to run your truck?

SHANDY HAND: Yeah. Effectively, yes two--

ERDMAN: So--

SHANDY HAND: --\$2 a mile is a good gauge.

ERDMAN: Yeah, so 50 miles out of the way is 100 bucks every time they
do that.

SHANDY HAND: Yep.

ERDMAN: Thank you.

SHANDY HAND: Um-hum.

WISHART: Any other questions? Senator Hilkemann.

HILKEMANN: You say they use 92 rather than 30?

SHANDY HAND: Sometimes, yes. It's-- not it's not preferable, but
sometimes they will. They'll take 92, either then jump up to 79 or
take it all the way to 81.

HILKEMANN: Because I thought that-- I mean, when I've ridden 92 on my
bike, the-- the-- the shoulders are just awful.

SHANDY HAND: Yes. Unfortunately, there's parts of High--- 30 that are
even worse than that. The-- then the other concern is 30 has a lot of
curves on it and at least 92 is pretty much a straight shot.

HILKEMANN: OK.

WISHART: Well, thank you so much.

SHANDY HAND: All right. Thank you.

*Indicates written testimony submitted prior to the public hearing per
our COVID-19 response protocol

***JON CANNON:** Good morning members of the Appropriations Committee. My name is Jon Cannon. I am the Executive Director of the Nebraska Association of County Officials. I appear today in a support of provisions within LB579 that would appropriate \$70 million to the Nebraska Department of Transportation for repair of infrastructure damaged by 2019 floods. NACO supports the intent of LB579 to repair the infrastructure of highways, roads, and bridges damaged by the 2019 floods. Our highways, roads, and bridges transport a sustainable pipeline of food, energy, and other products that aid the entirety of the State's economy. In addition to joining goods and services with individuals, the transportation network itself creates the ability for individuals to work, go to school and enjoy recreational opportunities throughout the state. Funding is essential in order to enhance the reliability and safety of the highways, roads, and bridges. We ask you to please consider our thoughts prior to taking action on LB579. Thank you for your willingness to consider our comments. If you have any questions, please feel free to discuss them with me.

WISHART: Any more proponents for LB579? Seeing none, any opponents? Thank you so much for joining us. Please state your name and spell it for the record.

MOE JAMSHIDI: You bet. We're talking about how old we are. If we're going to build these things before our lifetime, I've got to put my hearing aid on. Good morning, Senator Wishart and members of the Appropriations Committee. My name is Moe Jamshidi, M-o-e J-a-m-s-h-i-d-i. I am the deputy director for operations and currently the acting director for the Nebraska Department of Transportation. I'm here before you to testify in opposition to LB579. First of all, I would like to thank Senator Moser for his support for transportation over the years. NDOT is opposed to the premise. The proposed \$70 million appropriation from the General Fund may plug a funding gap and may fast-track projects that were placed on hold due to funding issues from the 2019 floods and-- and the drop in revenue because of the COVID-19 pandemic. We've been talking a lot about the floods of 2019, so I want to take you back a little bit to-- to what we were dealing with. In about mid-March of 2019, a bomb cyclone, equivalent to a Category 2 hurricane, hit Nebraska and brought blizzard conditions and flood that covered a third of the state highway, 10,000 miles of road at the time. As the water rose, NDOT personnel sprung to action, ensuring public safety, detouring traffic and becoming-- and beginning work on emergency report-- repairs. Their

*Indicates written testimony submitted prior to the public hearing per
our COVID-19 response protocol

efforts were nothing short of heroic. Ultimately NDOT would be charged with managing over 80 emergency relief projects worth in excess of \$150 million in damage and 200 miles of pavement and 27 bridges. This work was conducted in addition to the traditional construction program. We leaned heavily on our contracting and consulting partners and the Federal Highway Administration in order to quickly and efficiently navigate recovery operations. Throughout 2019, NDOT worked alongside industry partners to design, re-- repair, and rebuild the state's infrastructure to get Nebraska moving again. We realize-- we-- we utilized innovation and leveraged relationships to open 99 percent of the closed highways within 30 days to establish mobility, connect communities, and support economic vitality. One-hundred percent mobility was restored within nine months. NDOT was required to use state funds to pay for the work restoring Nebraska's vital transportation infrastructure. The vast majority of the work on the state system has been completed, and we are working extensively with the federal government to obtain reimbursement. This reimbursement is requested on a project-by-project basis. NDOT has already received some of the money that we requested and are anticipating reimbursement for the-- for-- for other projects in the near future. When all is done, we expect to be reimbursed \$110 million of the \$150 million total. The remaining \$40 million is considered to be the state's match for the federal funds or is for projects that are just not eligible for reimbursement. With all that being said, our revenues have stabilized and NDOT is expecting to receive a significant share of the overall expected federal reimbursement very soon. It is entire-- it is entirely possible that reimbursement could arrive at the same time or even before the Legislature is able to pass LB579. Because of this, we feel that the \$70 million appropriations is unnecessary. Finally, LB579 requires NDOT to report on various aspects of project status and completion. We already report the Legislature-- to the Legislature every December when we provide our needs assessment to the joint meeting of this comm-- this committee and Transportation and Telecommunication Committee. Therefore, the reporting requirement by this bill is redundant and we can change our method of reporting any way you all want. Again, we really appreciate Senator Moser's intentions and interest. However, we believe that NDOT is effectively managing its assets and cash flow to deliver projects on the schedule. I'd be happy to answer any questions you might have.

*Indicates written testimony submitted prior to the public hearing per
our COVID-19 response protocol

WISHART: Thank you, Director. Colleagues, any questions? Senator
Hilkemann.

HILKEMANN: Thank you, Director, for being here. The excuse you're
giving today is because of the floods that we had in 2019. Let's go
back. If you'd have been here 2015, what was the ex-- what would have
been the excuse in 2015?

MOE JAMSHIDI: Well, Senator, thank you for the question. We have--
since the-- 1988, where the expressways, the 600 miles of expressways
have been identified, have been working to deliver the projects to the
communities to the best of our ability and to deliver them in a way
that we-- our cash flow allowed us to do it and we could get projects
ready to go. I can't go to 2015 and really tell you exactly--

HILKEMANN: Yeah.

MOE JAMSHIDI: --which projects you were talking about, but if you have
any particular project, I'll be happy to address those.

HILKEMANN: Yeah, I was just using a--

MOE JAMSHIDI: I understand.

HILKEMANN: I was just using a number there. I mean, we could have gone
to 2010. We could-- it always seems like there's always a reason why
we don't finish up something.

MOE JAMSHIDI: If-- if I may, if you recall, in the recessions of 20--
2009-- when the 2008, '09, '10 Recession hit us, at that time, we were
really only able to maintain what we already had. The 10,000 miles of
roads were to a point where-- really utilizing all of our revenues
just to keep up with what we had then. We really weren't able to build
any more new highways, add any highways, if you will. That's where the
Senator Fischer and others came in and passed the Build Nebraska Act
to enable us to build additional capacity, allow-- get back on the
expressway building that we had-- we had basically stopped because we
couldn't do it. And later, the Innovation Act that came in, that
helped add another 2 cent of-- of gas tax, as Senator Stinner said.
All of these have contributed to acceleration of the rebuild-- of the
building of the original 1988 plan. And-- and we're moving towards it.
And I'll be happy to explain or address any of the specific projects
that you might have.

*Indicates written testimony submitted prior to the public hearing per
our COVID-19 response protocol

HILKEMANN: Is-- is it that the state's not funding enough or the feds
are not funding enough to get some of these projects done?

MOE JAMSHIDI: Well, the federal funds come to us like all the other
DO-- DOTs, based on a formula that is theoretically based on the needs
of the states, a number of models that we have, so we really don't
have a-- a control over that. So we get about \$300 million a year from
the federal government that we have to match and use it on various--
various projects. The state side of [INAUDIBLE] you all know where our
revenue comes from, and it's been a steady-- we have been working
diligently to keep our cash flow as low as possible, meaning we're
putting as much money out on the-- on the street as-- as-- as we
possibly can and get these projects moving. Remember, your-- your past
proponent, they said it used to cost a million dollars a mile to build
four lanes. Well, it's right now north of \$5 million a mile, so these
things are-- are-- are challenging. But I think we're delivering the
promise that we made as the projects are ready and going through the
process of environmental assessment and everything else.

HILKEMANN: Now, Senator Moser refer-- I liked-- I liked his referral
to the bugs and bunny. There was a period of time when that was-- that
bugs and bunny was-- was lifted from the federal. Did we take-- did we
take advantage of that the last four years?

MOE JAMSHIDI: I think-- I-- I don't think that the-- we have ever gone
away from NEPA, the-- the environmental process that we have to follow
to-- to build our projects. But during the-- President Trump, he
added-- he passed a-- he basically did a change in the fact that
federal agencies have two years to decide on any project that they're
going to coordinate their activities and give the DOTs an answer. So
we took advantage of that. And in fact, many of the projects,
including the 275, is on track to go the-- it's called the One Federal
Decision that gave a two-year situation, so I think we definitely took
advantage of that and our federal partners are-- are cooperating with
us through that process.

HILKEMANN: OK, thank you,

WISHART: Senator Kolterman.

*Indicates written testimony submitted prior to the public hearing per
our COVID-19 response protocol

KOLTERMAN: Thank you, Senator Wishart. Well, I appreciate you being here today. Whenever I've reached out to the Department of Roads, you've been very responsive and I do-- I do appreciate that.

MOE JAMSHIDI: Thank you.

KOLTERMAN: But when-- when you say that it's somewhat redundant for us to ask for this bill to be passed, first of all, we're-- we-- if we have to rely on the federal funds coming in, with the upheaval that's going on in Washington, D.C., are we-- are we guaranteed we're going to get that money in a in a certain period of time? In other words, if we build it, do we get guaranteed that it's coming in? And if so, how soon does that happen? And then-- that's one part of my question, and I don't-- I don't see any reason why we wouldn't put this into statute and make sure that the money is available there for you, because we-- obviously we can sure get to it if we need it. The second part of my question would be, if we do-- you-- you've listened to the conversation this morning and-- and the idea that, you know, perhaps we could do more, bill faster, get more done. If we decided that we were going to start bonding in this state, is the capacity there for contractors to come into the state and build the roads that we want to have built in addition to the construction that needs to continually be completed? So that would be--

MOE JAMSHIDI: Sure.

KOLTERMAN: --two points that I would ask you to address.

MOE JAMSHIDI: Sure, I would be happy to. Actually, those are the things that we constantly talk about. You bring some of the-- two of the major points. So let's talk about first the reimbursement and what goes into it. So is-- when the flooding, something like this happens, some emergency things like happen, we have basically a temporary window given to us to go fix things, to basically restore mobility. So if a bridge goes down, we normally have a-- a quick process to go in there and build it, not have to go through all the environmental process, all the things we have to do like we do on a normal project. So we did that to open 27 bridges and-- and-- and 200 miles of pavement. We had to take advantage of that and get on that. But that doesn't mean that you don't have to do any of the work. So all it means is you use your own money, go build what you have to build, and then if you want reimbursed, now you have to apply, project by

*Indicates written testimony submitted prior to the public hearing per
our COVID-19 response protocol

project, justify why you went in there, what you did and how you did it, and make sure everything you did is environmentally sound and meets all the requirements of all the other agencies, the Fish and Wildlife and you name it, Game and Parks, and they all have their requirements. So the reason it's taking so long, and-- and I always say that it takes us 40 days to build a bridge and four years to get the money back, is because we really have to go back and document everything, how many acres of wetland we took, how-- what did we do to mitigate that, and that's the process we've gone through on really all of the projects, but the two major projects are-- are the Spencer Dam area on 281 and then the-- the Niobrara project. And we think we see the light at the end of the tunnel. In fact, as far as the DOT is concerned, we've done everything we can. We've answered all the questions and we've-- we've mitigated the wetlands and what have you. The ball is really on the Corps of Engineers to give us a permit for a project we've already built and people driving on it, and we think we're going to get that soon. And as soon as we get that, the funding will become available so that we can build the projects that we-- we plan on. To be honest with you, if I had another \$70 million right now in the bank, that really wouldn't accelerate anything. I need a 404 permit more than I need money right now, and I think that's the process that-- that it's going through. On your second question about bonding, I think-- I think when you talk about bonding, it's a philosophical issue in-- in general speaking. I talk to my counterparts all over the country who-- who bond, on other DOTs, and they build projects. I feel personally, and it's just me, me personally, I feel like you start going down that route of borrowing for important projects, potentially a lot of projects will become important. And many years down the road, you would be paying a lot just on the-- on your-- on your debt. I like the idea that DOT is a-- our DOT is a pay-as-you-go, and the DOT director has basically full discretion on the revenues that they get so we can address some of the emerging needs that we don't know what's going to need five, ten years from now when automatic-- when-- when driverless cars are out there. So I-- I just don't believe obligating our future funds today for what we think is very important is the-- is the-- is the right way to go for our DOT. But that's just my personal opinion.

KOLTERMAN: Just a-- just a follow-up, though, 1970, we've heard it earlier, an individual is talking about being involved since 1970. You-- you can go back even farther than that and the idea that a

*Indicates written testimony submitted prior to the public hearing per
our COVID-19 response protocol

four-lane all the way from way south to way-- through the whole country has been proposed. And in that period of time, even since 1970, we've seen really nice growth in Columbus, York, Norfolk, all along 81, and then the same way going from-- from Norfolk and Columbus, so I don't see that changing. And at the same time, we've done-- I mean, we've done some, but not until recent years; not until 4 Lanes 4 Nebraska got involved have we seen the kind of progress we've seen. So I guess the old philosophy, a greasy wheel gets-- or a-- a squeaky wheel gets greased, is really what's going on here. And I think that Senator Moser bringing a bill like this just heightens the awareness that let's get this done. And even if we had to bond for those special programs, including the Heartland Expressway out in-- or whatever it's called out where Senator Stinner live, it make-- it makes sense to get those four or five projects done because those are integral in the growth of our state, all four of them. And I don't think Senator Erdman would argue with me on that, would you? But let's get-- I mean, out west is important just as much as it is north and east, so I would hope that we-- if-- you'd still be open to looking at those projects without adding a lot of ancillary projects to the mix--

MOE JAMSHIDI: Well, if I may--

KOLTERMAN: --just my thoughts,

MOE JAMSHIDI: If I may, let me just give you a couple of updates on some of those important projects that you talked about. The Heartland Expressway, we just let the project and we will start construction this March, April on the-- on the-- on the major piece of it. Remember, there's other sources of funding that are not loans, when we get grants from the federal government if we can-- we can justify that our project's important, and in the last few years, we've gotten over \$64 million of federal grant that helps us with some of the same projects. Highway 30, from Columbus all the way to Omaha, has been in top priority personally, for me, for many years because I had a son that lived in Schuyler and-- and wanted to get to Omaha to see his fiancée at the time. So we have-- Highway 30 is-- we've got one final, last leg of it that we're going to let the grading and culvert work this month, on the 25th. So from Fremont west, we're going to get that under contract and then we're going to turn around-- early fall, we're going to let the remaining of it, which-- the bridges and the pavement. So as far as Highway 30 is concerned, I'm-- I'm-- I'm-- barring anything that crazy happens, another flood of 2021, we should

*Indicates written testimony submitted prior to the public hearing per
our COVID-19 response protocol

be in good shape; we get that thing done. Highway 275, I'm waiting for the 404 permit. We-- we are really close. We're very close. The-- the One Decision-- Federal One Decision [SIC] that you talked about would have really derailed us because President Biden just revoked that-- that order two weeks ago, so-- but the Corps of Engineers, the colonel promised me that they're going to deliver that project. So we're making progress on 275. We're making progress on 30. We're-- we-- we're-- we got the Murray to Plattsmouth on-- in Omaha is-- and-- under contract, and we had the Heartland Ex-- Expressway, as well as the things that we're doing on McCook north, where we're going to do two plus two. So we're moving. We're doing things. And to be honest with you, you had one thing, which really critical to me, is you also don't want to flood the-- the industry with hundreds of projects that all of a sudden your prices go up and you can't maintain, so--

KOLTERMAN: But-- you-- you've hit them all, I mean, I-- and I agree, except I haven't heard the word 81 out of you yet. [LAUGH]

MOE JAMSHIDI: Eighty-one is in planning stage and it's a very important project.

KOLTERMAN: Yeah, it's been in planning for 50 years.

MOE JAMSHIDI: It's a very important project for us, Senator. And I agree with-- with everything you said about 81 really being a-- I lived in Columbus for two years myself and-- and-- and I know going south from there is-- is critical for not just industry, but-- but people as well.

WISHART: Senator McDonnell and then Senator Erdman.

McDONNELL: Director, thank you for being here. And I want you to try to go into more detail about an answer you gave Senator Kolterman a little while ago. You said if there was \$70 million sitting in the bank right now out of our General Fund, talking about LB579, not talking about anything that's in the past or anything planning for the future, that you would not be able to move forward. Why?

MOE JAMSHIDI: We are-- the projects that we would spend that money on, that we're waiting on, are basically the projects that we are waiting for Corps of Engineers' permit for us to put it out for-- for bid. So we have-- you know, we say we-- we-- pay-as-you-go type of thing. We

*Indicates written testimony submitted prior to the public hearing per
our COVID-19 response protocol

manage our cash flow really tightly and we have money set aside to get those projects done as soon as we get the permit and we get the design.

McDONNELL: So knowing that LB579 would take \$70 million out of the General Fund, you could not move quicker based on having that \$70 million? Outside of your current budget, you could not move quicker on this project?

MOE JAMSHIDI: We really couldn't, Senator. We-- we really couldn't, because I-- it-- like I said, I cannot go the-- the-- the three projects that-- well, actually, four projects that we're working on, it's-- we have divided the-- the West Point to Scribner into four projects. All four of them are under one federal decision that we have to get the OK on and the-- they are telling us right now-- that I would spend that \$70 million on-- that-- that the-- the NEPA is not going to be released until March, end of March sometime, March 19, actually, and then I have to wait a month for the public comments and what have you. So we are close and I'm thinking if there's \$70 million that came to our account, say, by September, whenever this thing is-- is approved, by then I hope to let this project in somewhere between April or May. So it would already be let and I have to give the money back, and I would get the funding from the feds that we-- we're expecting about \$60-70 million reimbursement before June of this year. So that means when I get that, then I have to give this back and I wouldn't be able to use it because it's just sitting in the bank.

McDONNELL: Thank you.

WISHART: Senator Erdman.

ERDMAN: Thank you, Senator Wishart. Thank you for coming today, Director. I would-- I would follow up on the question that Senator Stinner asked about the infrastructure bank having \$43 million in there. Have you guys-- can you use that to do this project?

MOE JAMSHIDI: We use all of it, yeah. We-- we actually-- we-- we have-- we have three bank accounts, if-- if you-- if you could imagine it. We have the-- the BNA, Build Nebraska Act, TIA, which is Transportation Innovation Act, which is the 2 cent that the senator was talking about, and then we have our normal state funds that goes into the Highway Cash Fund, and all three of them we manage very

*Indicates written testimony submitted prior to the public hearing per
our COVID-19 response protocol

closely on all of these projects. For example, the Heartland Expressway project that the bid came at \$34 million, we just let and we're going to start building it this-- this spring. By the way, we got that accelerated. Thanks for pushing us. And then \$18 million of that is federal funds and the rest of it is BNA funds, so we have that sitting in the bank. So when anybody looks at our balance at any given time, most of that money is spoken for, so as soon as contractor starts, I'm going to have to pay him off of that-- that same account.

ERDMAN: But on the Heartland Expressway, deviating a bit, the first work that's going to be done is the dirt work this year. That's only \$5.6 or \$8 million.

MOE JAMSHIDI: Right, right.

ERDMAN: So you didn't need the whole \$34 million in your account to start the-- the dirt work.

MOE JAMSHIDI: And-- and you're-- you're right, the-- the-- we estimate every two weeks the contractors that are going to give us-- we pay contractors every two weeks. They work two weeks. They give us a bill. We project that and put in our funding models that show us that, can we meet that obligation and meet all of these other projects that we have-- in Omaha we have and others? So we say that we can build it. It's because of all of those two-weeks estimates coming and all those projects are going to be handled.

ERDMAN: All right. OK. So Senator Hilkemann kind of took my thunder there when he asked the question about what happened before. I'm not understanding exactly what happened before. We continue to put things off, but your latest answer to the question was we haven't gotten approval from the Corps yet to move forward with this project. The question is, why hasn't the Corps been involved? Why didn't you get that approval before now? Why did you wait till now to get-- to seek their approval? Or how long have you been trying to get their approval?

MOE JAMSHIDI: Very good question, because a lot of people really don't understand that we start getting all of these agencies involved the minute we start constructing any of these projects, even-- especially the emergency projects. So we're in close coordination with them and we've been furnishing them with all the information. But they have a

*Indicates written testimony submitted prior to the public hearing per
our COVID-19 response protocol

lot of regulatory issues that they have to go through, that we have to answer to. For example, most people don't know that when we build the Spencer Dam bridge again, we-- we need the work-- the-- the pavement ended here and here, and in between the bridge got washed out, if you saw that video. So we basically wanted to put a bridge from here to there. Well, traditionally, when you do a bridge like that, you have to do alternative analysis. Basically, you have to say, can you go this way, can you go that way? Well, we kept saying, well, we want to just connect the road we already have. Well, that's true, but the federal requirements requires you to look at five other alternatives, other things, so all of those things take time and it's-- it's been a long road, but I think we're there.

ERDMAN: OK. So let me try to narrow this down. On this particular project, when did you start working with the Corps?

MOE JAMSHIDI: Which particular project?

ERDMAN: The one we're talking about that Senator Moser wants to do, the one you-- that-- Senator McDonnell asked you a question, if you had the \$70 million, would you start on this project? You said, no, you're waiting--

MOE JAMSHIDI: OK.

ERDMAN: --for approval from the Corps of Engineers.

MOE JAMSHIDI: Oh. Oh, the--

ERDMAN: When did you start working with the Corps on that particular project?

MOE JAMSHIDI: Years, probably three, four years, because where if you were talking about 275, there is a levee south side of Scribner that impacts two of the sections of the federal law when the 2-- 404 and 408. The 408 permit is for the levee, and they've been looking at numerous models as after-- as a road after it's built, how the town is going to be impacted with future floods. So we've been working with them. I can't tell you exactly when, but we have a long project scheduling. We bring these commit-- these governmental agencies on board at the right time when we have a footprint of what we're doing.

*Indicates written testimony submitted prior to the public hearing per
our COVID-19 response protocol

ERDMAN: So earlier you said if you'd be specific about a project, you could answer the question. I'm not sure you have. But here's the problem that I see, is-- Senator Hilkemann hit on it when he said, what happened before the flood? Well, we hear numerous times what we've heard since '19, is the flood stopped us from doing the construction. You didn't have any flood between '09 and '19 and not much happened. It doesn't seem to me that you're advancing these projects in a way that you want to get them done. It's a stall procedure. I'm not sure exactly what happens there, but it's like we're going in circles, chasing our tail, and we need to come to a conclusion. As we started this project, we knew we were going to do this project. We get ahold of the Corps of Engineers and say, let's move this forward so we can start this project when we get there. It's just like with the Heartland Expressway out by me. You put out the bid and you say we can't start this project, dirt work, until July because we don't have the funds in the bank when in fact you don't need \$34 million; you only need five, eight, or whatever it was. And we're going to wait and start in mid-July and we can't keep the ground from blowing all winter. It's just a continuation of putting us off and telling us about the flood happened, then there was a recession, then all these things happened so we can't do this. It's time for the department to stand up and say, hey, look, we're going to move forward, we're going to make a decision to do this on time, here's our schedule, this is what we're going to do. And I don't hear that. What I hear is talking in circles, explaining why we didn't do it, instead of saying, let's fix this and let's do this. It-- it's a problem for me. We've got infrastructure bank money. We got things we can do. We need to be creative to move forward to solve these problems. Senator Moser wouldn't have brought LB579 if we had done some things in the past that we said we were going to do. And so we continue to push it down the road and it's somebody else's fault; it's not ours.

MOE JAMSHIDI: Well, I don't know if there was a question in there, but let me just address-- there is something quickly. If you look at our annual report that we make to the Legislature every year on-- on the-- on the progress we made towards the BNA and TIA funding, you will see that back in 2010, '11, when we came up with a ten-year plan of what we were going to exactly do with the BNA funds, we-- because, remember, that funding is a two-year-- 20-year window. We came up with that first ten-year plan and the second ten-year plan. I would argue that you would be pleased by looking at what we promised and what we

*Indicates written testimony submitted prior to the public hearing per
our COVID-19 response protocol

delivered. We have delivered just about every projection on the-- on
the ten-year plan. And so I-- I highly recommend that you read our
report that we show every year what progress we're making with the
funding that are being available to us. I think you will be pleased to
see we're making tremendous progress.

ERDMAN: I would beg to differ with that, but-- so here's the question.
How many cars are on Highway 30? Do you have a traffic count on
Highway 30 from--

MOE JAMSHIDI: We have traffic count on Highway 30, and I don't-- I
don't have the number right now. But for it to be eligible for ten--
for-- for four-lane, it needs at least a 10,000 mile-- 10000 ADT per--
average daily traffic, so-- and I know it's-- it's way over that. I
know it's way over that.

ERDMAN: Ten thousand in 24 hours?

MOE JAMSHIDI: Yes, ADT, average daily traffic, 10,000. So that's our
standard. Once you hit that 10,000, then it's eligible. Doesn't mean
it has to be; that means that you-- you get benefits by four-laning
it.

ERDMAN: All right. Thank you.

MOE JAMSHIDI: You're welcome.

HILKEMANN: Senator Kolterman.

KOLTERMAN: None.

HILKEMANN: You--

KOLTERMAN: I'll pass.

HILKEMANN: Senator Dorn.

DORN: Thank you, Senator Hilkemann. Thank you for being here today.
I-- I-- I want to comment on, I guess, a little bit, the FEMA funding
that, you know, you're talking about here and-- and probably not-- or
you're looking to get it sometime this summer. Was-- I was a county
board member and we dealt quite often, and even through the last year
or two here again, dealing with the county board, part of the problem

*Indicates written testimony submitted prior to the public hearing per
our COVID-19 response protocol

with FEMA is, being a federal agency, about the time you get your funding and you think you're going to get approved, they send a new group of people out. You don't-- you don't deal with the same people. They send another group of people out and it's basically teaching them all over again. I guess my question to you is not so much on the FEMA funding, but you got 17 miles of Highway 30 at about \$5 million a mile, that's \$85 million. You also had 42 miles, I believe, of 275. That's over \$200 million. You're looking at \$300 million in those two projects. What type-- or how-- how does that affect your budget or what-- what type of structure going through your budget would that take up? How many years?

MOE JAMSHIDI: Well, it-- good questions. First of all, we don't deal with FEMA. Well, I think locals a lot do. We deal with the Federal Highway Administration emergency fund group, which is a different group than FEMA, but I-- but our group helps all the counties to get reimbursed for FEMA money, and I know what-- what kind of documentation they need. It's-- it's-- it's quite a-- quite a work. But going back to question about how long it takes, going to Highway 81, a good example of it, there are many sections of it we have to start planning our-- our alternative routes. We have to start looking at the best possible, least disruptive environmental-- environmental way to do it, whether it's going to be two plus two or what have you. So it will-- it's not that if I had the money today, again. If I start some of those projects today, some of those projects can take seven, eight years just to deliver it to the letting, handing it over to the contractor, so it doesn't mean that-- it's just our processes are-- are long. Whatever you want to say, both the state and national NEPA laws are-- are extensive. And so it's not-- there's no shortcuts there.

DORN: Your-- your process is long because I think-- and that's what some of their questions are-- it's not-- is it because we as a state can't get it done quicker or is it because of guidelines, or I call it certain qualifications, we have to meet federally?

MOE JAMSHIDI: It-- it's not-- it's not that as a state we-- we can't do it. So when-- when we pay for 275 and 30 and we build these things, we're going to start looking at our cash flow and we're going to say, all right, when does it look like we're going to get to Highway 30, 81? We're going to-- we're going to start planning those and we're going to work with our partners at the federal government. It-- a lot

*Indicates written testimony submitted prior to the public hearing per
our COVID-19 response protocol

of these processes, it has a lot of review, a lot of design. We have to identify endangered species. We have to know how we're going to mitigate those. We have to avoid wetlands. And all of these have to go to numerous agencies and they have to concur with us that your line-- your alignment is-- is the least destructive, disruptive alignment that you make. And then more importantly, we have to go to the people, to the businesses. We tell them, this is the road we're going to build for you, is this going to impact you the right way? All of these in our scheduling-- delivering our schedule, it's-- it's-- it's pretty standard number of months and years that it takes to just get through the project. So some projects will get fast-forwarded if there's less controversy, if you will, and some pro-- projects can just, especially if you got a dam, if your road is-- has to go through too many federal agencies, they just take their time.

DORN: So you talked about your 10-, 20-year plan. If you had something on there was in the second ten year or-- I-- ten years out, if-- if you classified that in not one of the highways we have now, but you wanted to build a four-lane road, how long from today, putting it on that list, till it started construction, how long does that usually take?

MOE JAMSHIDI: If-- if it's a-- if it's a-- let's say we're building a brand-new, four-lane, like South Beltway in Lincoln, like there was nothing there, right? I would say if you built-- if you want to start a ten-year project, if there are no federal parks or major issues, I would say you can probably deliver that project in five to six years or so, maybe a little longer. But if you run into any kind of sensitive areas, it could be longer.

DORN: Thank you.

HILKEMANN: Senator McDonell.

McDONNELL: Director, in your experience, trying to look at other states dealing with the federal government, specifically the states surrounding us, do they do it differently than-- than we do to try to hopefully move the process along faster? Is there somebody we should be looking at to say, well, possibly the state of Nebraska, we should do it like state X because really their projects seem, comparing apples to apples, are moving along quite a bit faster?

*Indicates written testimony submitted prior to the public hearing per
our COVID-19 response protocol

MOE JAMSHIDI: Good question. We actually-- I-- I-- we-- we talk to our counterparts all the time. And so when you're dealing with any kind of agency, including us, there are two things involved. One is the law, what it says; the other is humans that have to work with you to make sure you meet the intent of the law. Well, one human will look at it and say, gee, that's not a big deal, let's go on, this is upland, it's not navigable water, if it's a ditch. The other person can look at the same law and say, well, wait a minute, we need to have more studies, we need to get some soil borings, we need to do X, Y and Z. So it all depends. In average, I would say we probably win some and lose some, and-- and I'm sure any other agency that deals with the Corps of Engineers or the Federal Highway Administration or Nebraska Department of Transportation, they say, well, this-- this guy in this office takes care of me quicker than that person in the other office.

McDONNELL: Thank you.

MOE JAMSHIDI: You're welcome.

HILKEMANN: Are there other questions for the director?

CLEMENTS: Yes.

HILKEMANN: Senator Clements.

CLEMENTS: Thank you, Senator. Thank you, Director. Got a couple questions and one comment. You made a statement: We have complete discretion over our funds. And I hope that doesn't mean that you can spend the infrastructure bank however you want. The question that I had was regarding the reporting you say is redundant in the back. Are you saying that you have reported all of these items, the money spent on the expressway as of that date, the number of miles yet to be completed, the planning, permitting, designing, bid letting, and required funding for completion?

MOE JAMSHIDI: Let me first address what you said, that we had discret-- discretion. By that I meant that when the revenues come to Department of Transportation, if-- of course, you lawmakers are the ones who decide how much revenue comes in. But what I was trying to say is that if I have to every year take 30 percent of that pay on the debt, that means I have no discretion on-- on that piece of it.

CLEMENTS: OK, that's all--

*Indicates written testimony submitted prior to the public hearing per
our COVID-19 response protocol

MOE JAMSHIDI: The rest of it--

CLEMENTS: All right, that's fine.

MOE JAMSHIDI: --we will be building the projects with it.

CLEMENTS: Let's go on to the reporting.

MOE JAMSHIDI: The reporting part of it, it's we have been given some of that information, but it-- it-- not perhaps all of it. But we're hoping that if-- if-- on those December hearings, if you want us to include any kind-- we're transparent-- any kind of a reporting, we can just add it to that. We don't have to have a separate law.

CLEMENTS: All right. The last part of your testimony says we are effectively managing assets and cash flow to deliver product-- projects on schedule. Are you saying that you're on schedule on this expressway system?

MOE JAMSHIDI: If you look at the 1988, 6,000 miles of roads, are we on the schedule? We have delivered 70 percent of those miles. We have about 150 miles left to go. On schedule, we never really had a schedule at the time when the-- when the Legislature gave us, but we all knew we had to get it as fast as we can, as funding allowed, and we could deliver the projects. I would say we've done as best as we can, given all the circumstances, the recessions we've gone through, and the-- the funding we've had.

CLEMENTS: And then finally, there's been discussion about the Lincoln Beltway financing. I'm not sure I understand how that differs from your usual financing and projects.

MOE JAMSHIDI: OK, so Lincoln South Beltway is a little bit different kind of project. It was a \$350 million project that I've never seen anything that big in our whole-- my whole career of 38 years. That project was a little bit different in that we were ready to build that thing in pieces, like we do other things, and deliver it to public in about eight to ten years. Right? But because of-- we couldn't really use any of it. We would be building highways to nowhere and we couldn't take advantage of any of it. We wanted to accelerate it, accelerate the construction of it. The only reason we told the contractor, build it for us in 3 to 4 years and then bill us in 10 to 12 years, was that we want to put the road into the hands of the

*Indicates written testimony submitted prior to the public hearing per
our COVID-19 response protocol

people as fast as we could. So it-- like on the Highway 81, 275, 30,
we have the road and we have mobility there already. On the South
Beltway, it was just-- we would be spending \$300 million and not have
a car go from one end to the other for eight-- eight, ten years.

CLEMENTS: So the answer is that the contractors are financing this
project--

MOE JAMSHIDI: The contractors are financing parts of it.

CLEMENTS: --and the state will pay them over a longer period of time.

MOE JAMSHIDI: The contractors are financing-- this particular
contractor is financing part of the fund. But when we let it, some
contractors maybe didn't want to just do it on their own. So they have
their own financing system. But we didn't know what we were going to
get. This particular company had decided to finance some of the cost
of the project.

CLEMENTS: Thank you. I believe that's all I had.

MOE JAMSHIDI: You're welcome.

HILKEMANN: Are there other questions? I'd just conclude your testimony
here. You've got a thankless job. I went to-- I went to an NCSL
meeting at one point, and we were talking about the roads. I don't
remem-- I don't remember who this [INAUDIBLE] what he was-- some-- and
he made the comment that we have put so many regulations in place. You
talked about the Corps slowing you down. We've got the-- all-- we've--
we've put so many regula-- this person went out to say, if we've
started to do I-80 today across this country, it would never happen.

MOE JAMSHIDI: It would be difficult.

HILKEMANN: He said, with all the things that we've done, it would
never happen today. And we need-- and-- and so I get very frustrated.
I mean, as a consumer, and this-- this is not a project that you--
that you have anything to do with, but, you know, I lived-- I-- for 25
years, I lived just north of 132nd and-- and-- Blon-- and Dodge. For
the 20 years I lived there, 132nd was under construction, either
widening or putting in-- putting in new utilities or we did corner or
we did a-- I don't understand when we're doing these projects-- in
other words, you're doing-- you're-- you're doing Highway 30-- why, if

*Indicates written testimony submitted prior to the public hearing per
our COVID-19 response protocol

you have an hourglass at all, it's always at the middle and why we would leave a whole section not done, the same thing for 275. In other words, if we're-- if-- and I understand you can't build the whole thing the same-- the same year that you're doing it, but that, as a consumer, that's so frustrating to me. And that's-- I think that's what Senator Moser's saying. We do this whole project and there are 13 miles that we don't do and we're waiting years and years to get it done. I'm just expressing that as a frustration as a consumer and as a citizen and as a taxpayer and-- and-- any other questions? I'm sorry, just-- thank you for coming.

MOE JAMSHIDI: You're welcome. Thank you.

HILKEMANN: Are there additional opponents to LB579? Is there anyone here who would like to speak in a neutral capacity on LB579? Seeing none, this will close the hearing on LB579, and thank you. Oh-- oh, I'm sorry, Senator Moser. I'm sorry.

MOSER: Back was starting to cramp up on me there, sitting there that long.

HILKEMANN: Yes, indeed. That close-- that-- Senator Moser to close on LB579. That's why they don't let me do this on a regular basis, Senator.

MOSER: Thank you, Senator. Well, I think from our discussion today, it's been a good discussion. And I think you can learn from listening to the acting director of the Department of Transportation what part of the problem is, is we do kind of keep getting kind of sucked into circular arguments. I'm very disappointed that they came to oppose my bill. My bill has no fiscal note. It has minor extra recording [SIC] requirements. And if I was the Department of Transportation, I would have come over and said, well, what-- what do you want for more reporting, because that's still a little bit in flux. You know, the bill is pretty generic in what it requires. But the reason I think it's necessary is we need to know where we are, where the end game is, and how we get there, and are we making the progress toward that goal that we want to make. And it's-- I've read the report they gave the Department-- the Transportation Committee, and it's-- it's not real easy to-- to read. It's not real explanatory. I'd like to see a matrix of the years, the costs, the miles, and so we can compare it from year to year. We've had eight different directors over the time that the

*Indicates written testimony submitted prior to the public hearing per
our COVID-19 response protocol

expressway has been under consideration. We've had five governors, five senators. There's a lot of turnover. We need that paper trail so we can tell where we're going. And again, I'm very disappointed that they came in, in opposition. I'm trying to help them. I feel like I'm a fly buzzing around their head and they're just kind of swatting at me, trying to get rid of me, because they know in eight years I'll be gone and they'll have to deal with the next senator, or maybe less than eight years. Who knows? After this, I could get beaten in a year and a half. But two things I'd share with you in closing. I've been talking to the Department of Roads and their government affairs manager, and in August I asked, Highway 30, how it's going. He said that phase one is tentatively scheduled for construction in '21 and '22. However, funding for phase one is still being secured as we assess statewide needs. OK. Then, when the acting director appeared before Transportation and Telecommunications, Senator Bostelman asked him a lot of the same questions that I've asked, because this goes through his territory, it affects me, but it's not in my district. OK. The response, hopefully-- this is Mr. Jamshidi: We'll get this done in February, and I hope, depending on how well we can get that \$70-80 million dollars of reimbursement that we have coming to us from the feds, depending on how fast we get that, and then it goes on to 275 and some of the bids and stuff. So they told me that funding was an issue. It was causing them hesitation. So I enter a bill to give them a guarantee of having some funding and asking for some information and then they oppose it. Who runs this place? Do you guys run this place, gals, or does the Department of Transportation run it? You know, we've had five different governors; we've had eight directors of transportation. I just think it's time for us as senators to try to pin some things down on this so we're not sucked into this circular argument because he said it was funding back in December when he talked to Transportation. Now it's 404 permits. You know, there's no way for us. We're not immersed in this like they are. They can dazzle us with information and-- and-- and we're pretty much helpless to try to-- to affect what they're doing. So I'm just asking for a little bit extra accountability and offering them this meager but nonetheless funding that could help move their projects along. You know, 30 years and counting, I'm ready to see more action and less discussion. Thank you, Mr.--

HILKEMANN: Senator Kolterman.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Appropriations Committee February 8, 2021

*Indicates written testimony submitted prior to the public hearing per
our COVID-19 response protocol

KOLTERMAN: Yeah, thank you, Senator Moser. I appreciate you bringing the bill. So in essence, if they get their \$70 million, even though if we pass this legislation it becomes law, they get their \$70 million, we just-- we just disregard that, but at the same time, you-- the reporting is necessary.

MOSER: I think the reporting is-- is a good idea because it'll give us a better idea where we are, where we're going, and what progress we're making, because if we don't like the answer, because they're going to have it plotted out, you know, and if we say, whoa, you know, that's-- we'd like to do something more quickly, then we could take that and go back to them and say, well, what can we change, what could we do to help them? And that's what I'm trying to do with this bill, but they don't want my help, so.

KOLTERMAN: Thank you.

HILKEMANN: Are there additional questions for Senator Moser? Have I missed anything else? Then this is good. This will end the-- the hearing LB579. Thank you.

MOSER: Thank you very much. I appreciate your patience to listen to our story. Thank you.

HILKEMANN: Yeah.

_____ : Oh, oh--

HILKEMANN: And-- and-- oh, yes, I did miss something else here. We do have written testimony in support from Jon Cannon from NACO. And we also have a list of sup-- of support from the Duo Lift Manufacturing; Cornhusker Public Power District; Behlen Manufacturing; ADM; Council Bluffs [SIC] Economic Council; the Council Bluffs-- or-- Council-- the Columbus Area Chamber of Commerce; and in a neutral position came in the city of Fremont. Any other-- is that it? OK, thank you.

[AGENCY HEARINGS]

STINNER: My name is John Stinner. I'm from Gering. I represent the 48th Legislative District. I serve as Chair of the committee and I'd like to start off by having members do self-introductions, starting with Senator Erdman.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Appropriations Committee February 8, 2021

*Indicates written testimony submitted prior to the public hearing per
our COVID-19 response protocol

ERDMAN: Steve Erdman, District 47, 10 counties in the Panhandle.

McDONNELL: Mike McDonnell, LD5, south Omaha.

HILKEMANN: Robert Hilkemann, District 4, west Omaha.

STINNER: John Stinner, District 48, all of Scotts Bluff County.

KOLTERMAN: Senator Mark Kolterman, District 24: Seward, York, and Polk
Counties.

DORN: Senator Myron Dorn, District 30, Gage County, southeastern
Lancaster.

STINNER: Assisting the committee today is Brittany Sturek, our
committee clerk. We do not have a fiscal analyst sitting here. At each
entrance you will find green testifier sheets. If you're planning on
testifying today, please fill out a sign-in sheet and hand it to the
committee clerk when you come up to testify. If you will not be
testifying at the microphone, but want to go on the record as having a
position on the bill being heard today, they are white-- there are
white sign-in sheets at each entrance where you may leave your name
and other pertinent information. These sign-in sheets will become
exhibits in the permanent record at the end of today's hearings. To
better facilitate today's proceedings, I ask that you abide by the
following procedures. Please silence or turn off your cell phones.
Move to the reserved chairs when you're ready to testify. Order of
testimony: introducer, proponents, opponents, neutral, closing. When
we hear testimony regarding agencies, we will first hear from the
representative of the agency. We will then hear testimony from anybody
who wishes to speak on the agency budget request. We request you spell
your first and last name for the record before you testify. Be
concise. My request to limit your testimony to five minutes. Written
materials-- written materials may be distributed to committee members
as exhibits only while testimony is being offered. Hand them to the
page for distribution to the committee staff and when you come-- when
you come up to testify. We need 12 copies. If you have written
testimony but do not have 12 copies, please raise your hand now so the
page can make copies for you. With that, we will begin today's hearing
with Agency 40, Motor Vehicle Dealers Licensing.

[AGENCY HEARINGS]

*Indicates written testimony submitted prior to the public hearing per
our COVID-19 response protocol

STINNER: We will now open with a hearing on LB365. Senator Briese,
come on up.

BRIESE: Well, thank you and good afternoon, Chairman Stinner and
members of the Appropriations Committee. I think the first time I've
ever been here.

STINNER: Well, you should stop in more often.

BRIESE: Yeah, I'd like to. My name is Tom Briese, T-o-m B-r-i-e-s-e,
and I'm here to introduce LB365, which is a bill to appropriate
\$225,000 to the State Racing Commission. This funding is being
requested by the State Racing Commission to make it possible for them
to carry out the provisions of the Nebraska Racetrack Gaming Act,
passed by a voter-- as a voter initiative last November. The
commission has indicated they need these funds to formulate the
organizational structure for the agency, create rules and regulations,
and contract with a consultant to assist them as they transition into
the new State Racing and Gaming Commission to regulate casino gaming
in Nebraska. The commission will need to cover the administrative
costs of creating and operating a larger agency with more
responsibilities and as such, will need to hire new employees to
assist with the implementation of the voter initiative. We want to
make sure the commission gets this funding now because we want the
voters to see the work going forward now to keep their confidence
high, that we respect their choice and will make casino gambling a
reality. We don't want to appear as if we're slow-walking this by
waiting for the new biennial budget to begin funding and want to
prevent any perception of governmental delay in carrying out the will
of the voters. We also know the commission is currently working very
hard to get things in order to move forward with the new duties
assigned to them, and we want to support them in their efforts. And I
just want to say, last November, you know, the voters provided us with
a mandate. You know, 70-30, at least two to one, they told us that
they want casino gaming at racetracks along with the property tax
relief it provides. And I think it's incumbent upon us to see that
that happens, that the will of the voters is respected. And I think
part of our obligation there is to ensure that it happens in a timely
manner. And that's where this funding comes in, to ensure that it's
done in a timely manner. I'm confident that the commission is going to
do their very best to get this done right, do it the right way. And I
think we need to provide them with the ability to do so. So thank you

*Indicates written testimony submitted prior to the public hearing per
our COVID-19 response protocol

for your consideration of this. I'd be happy to try to answer any
questions if you have any.

STINNER: Any questions? Senator Dorn.

DORN: Thank you, Chairman Stinner. Thank you, Senator Briese, for
being here. Talk a little bit about, if you could, this is just to
appropriate some funds to set up that commission. What's going on
with, I guess, your other bill or your other proposals coming out of
your--

BRIESE: Well, they are--

DORN: Tie the two together a little better.

BRIESE: Yeah, they are in committee at this point. One bill, LB560,
sets some parameters for the-- for the expansion of casino gambling in
the racetracks, sets-- puts a few protections in place, also includes
sports betting because the voters mandated the approval of games of
chance at racetrack casinos. In my view, that includes sports betting.
Now that might be a discussion we're going to have to have amongst
some of us, but we'll see. But in my view, that's what they mandated.
We need to respect that. But at the same time, the bill put some
parameters in place, can't use credit cards. You could exclude
yourself from casino gaming. And the sports betting is going to have
to be done on site at the casino in the designated area. And probably
a couple other things that-- that I think are reasonable, responsible
limitations. But really, it's going to be up to the commission in
their rule making. You know, they're going to carry the heavy load on
this. You know, they're going to have a lot of work to do because the
rules and the rulemaking will be extremely important in how this is
governed. And clearly, you know, this has got to be a recurring issue
in this body, I would imagine, for years to come as things are tweaked
and things are adjusted. And, you know, senators don't like the way
this is being done or that's being done. We're going to be revisiting
this issue for a long time to come, I think. But anyway, that's one
bill. The other bill provides some guidelines for the commission, but
essentially combines the two commissions, the Racing Commission and
the Gaming Commission, into one. We felt that was a reasonable thing
to do. For efficiency's sake and, you know, possibly limit the number
of employees that are needed there. And Senator Stinner, you had a
good point, well, we're really going to have to make sure we keep that

*Indicates written testimony submitted prior to the public hearing per our COVID-19 response protocol

separate. But I would think that the gaming tax, you know, I would think would be easy to keep that separate. That's the 20 percent tax that gets pulled off and then gets divvied up various directions, 70 percent going to property tax credit. I would think it would be-- it wouldn't be too difficult to ensure that there is no commingling or any mixup of funds in that respect.

DORN: But with this bill, though, you're only asking for the funding from this committee. You're going through this committee for this bill.

BRIESE: Yes, yes, to help them do their job. You know, they probably hit upon it earlier, but they're going to have to hire consultants to-- presumably they'll hire consultants to help them establish the framework for this or some sort of experts, I assume, in this rule-making process. Because, again, that's-- that's going to be critical and key to all this. As Mr. Sage indicated, they want to do it in a responsible manner. And I want to make sure that they have the resources to help them do it in a responsible manner. And I think, you know, this funding is critical to help them do that and also to ensure that we stay on a timeline to get this done.

STINNER: Senator Hilkemann.

HILKEMANN: Senator Briese, is this-- you're asking 225. Is this just like a loan until they get their General Funds in to pay it back? Or is this going to be a one-time appropriation?

BRIESE: I can't speak to that. I heard Mr. Sage indicate that if there's a way to pay that back, that they probably are going to have the financial ability to do that when these license fees come in and to me that would be ideal if we can put that money back in the General Fund, if there's a way that-- if there's a mechanism to do that. So from my-- from my viewpoint, I guess I don't know the answer to your question, but it would be ideal if we could do it that way.

STINNER: OK, let me, let me just interrupt. This is a deficit request for 225 for startup funds to be distributed to them now till till the end of this fiscal year. The 250 that they were talking about can be utilized in case they weren't up and running to take the million dollar checks down. Different, different two amounts: 225 to start it out of General Funds; 250 potentially as a kind of a loan or an

*Indicates written testimony submitted prior to the public hearing per
our COVID-19 response protocol

extension to the-- to the commission. That's the way I understood it. And that will probably need to be inserted in your bill on combining the commission and the operations and so on and so forth. So the other thing I wanted to address while I have the mike is I'm not as concerned about commingling of receipts. I think you can keep those apart. It's the expenditures and the running of the-- many times they start to--

BRIESE: Yeah, fair point. Fair point.

STINNER: And you don't want to get into a situation where one's subsidizing the other and so on and so forth. So--

BRIESE: Delegation of responsibilities and delegation of--

STINNER: Right.

BRIESE: --expenses.

STINNER: Senator Erdman.

ERDMAN: Thank you, Senator Stinner. Senator Briese, thank you for bringing this up. This may be an inappropriate question for this time, but will the commission have the authority to write the rules and the regulations and they'll be able to implement those and they don't need any further oversight after that?

BRIESE: They will have considerable latitude in making those rules and regulations unless we-- we can constrain them by statute and a year from now we don't like the way things look, we could come back and try to constrain them or expand things depending on what they do.

ERDMAN: OK.

BRIESE: And that is another thing I'll mention here. Something else we did and you asked, Senator Dorn, we-- we trying to provide them with an expedited process instead of going through the Administrative Procedure Act, given-- giving them the ability to issue directives, which they already do to some extent, to try to keep things moving along. The rule-making process can be extremely slow, extremely cumbersome. But this directive-- ability to use directives should keep things on a-- on a better timeline. But that was another aspect of the bill. But, yes, Senator, they'll-- they'll have considerable latitude

*Indicates written testimony submitted prior to the public hearing per
our COVID-19 response protocol

except where we've constrained them. You know, again, LB560, LB561, we just set out a few parameters. We don't, you know, get down into the weeds maybe. And clearly there will be things that they'll come up with that people on different sides of the issue, you know, might not like. And we can come back next year and adjust if need be.

ERDMAN: Thank you.

STINNER: I do have a question. In your [INAUDIBLE] you talk about hereby appropriate 225 form-- from the General Fund to the State Racing Commission, Program 74. Is that a separate program? I think we want to keep these funds separate from the Racing Commission.

BRIESE: I can't answer that.

STINNER: OK. I'll check it.

BRIESE: OK.

STINNER: I'll check it out to make sure that they're separate and distinct. Senator Wishart.

WISHART: Well, thank you for being here. So just to-- to clarify, you have another piece of legislation that's in General Affairs Committee, which would combine the Racing and Gaming Commission.

BRIESE: Yes.

WISHART: And with that bill include the request for \$250,000 sort of as a loan?

BRIESE: It doesn't currently include that.

WISHART: OK. One of the things just to think about is, you know, I don't want us to create any situation where we are sort of incentive-- incentivizing or creating too much of a cushion for the commission really not to be up and running and ready to go by-- by July. So that's-- that's just something. Are you concerned at all with appropriating dollars for the what if we don't get up and running when it's really, like you said, our responsibility as a state; Nebraskans said this is what they wanted as quickly as we can get it up and running so that we can start providing property tax relief?

*Indicates written testimony submitted prior to the public hearing per
our COVID-19 response protocol

BRIESE: That's a fair question, Senator. And I personally, I have confidence in the commission and the makeup of the commission. And their, I think, their intention is to get this thing going as quickly as possible based on my discussions with them. But it might be something I want to ask them again. But I don't see the commission slow-walking this thing personally. I think we have in our legislation that the new members need to be appointed by July, sometime in July, which would help kind of keep that timeline going. I'd like to see it maybe a little quicker than that. But-- but the five members of the current commission, they can keep moving along. I think Mr. Sage is, you know, working on rules probably as we speak. But yeah, fair point. I guess maybe I hadn't thought about that, don't really share that concern. I think anything we can do to ensure that they have funds available will help ensure that things move along as expeditiously as possible.

STINNER: Additional questions? Seeing none, thank you.

BRIESE: Sure. You bet. Thank you for your consideration.

STINNER: Good afternoon.

WALTER RADCLIFFE: Good afternoon, Senator Stinner and members of the Appropriations Committee. My name is Walter Redcliff, W-a-l-t-e-r R-a-d-c-l-i-f-f-e. I'm appearing before you today as a registered lobbyist on behalf of the Nebraska Horsemen in support of Senator Briese's LB365. I'd like to thank Senator Briese not just for bringing LB365 to this committee, but for the bills that he's had over in his committee to help implement the three initiatives that were passed this last year by the voters. I want to begin by addressing a question Senator Hilkemann asked, which is this is not a loan. As Senator Stinner said, it is a deficit appropriation to get things-- to get things up and going. And Senator Wishart, I don't think there's a-- I'm concerned whether there's enough money, frankly, to get them going the way they need to as opposed to drag chute, so to speak, to incentivize slowing them down. The consultants that are going to have to be hired you-- right now, the only expertise you really have in the state are the people that are in the gaming business. You don't want to have somebody like me telling them what kind of rules and regulations to write. I mean, I'm not in the gaming business, I don't mean that. But, you know, you don't want the people-- you don't want the regulated to be telling the regulators, here's what we need. You

*Indicates written testimony submitted prior to the public hearing per
our COVID-19 response protocol

want them. You want Mr. Sage, who's done an excellent job with, with horse racing. But you want him to be able to go out and draw upon the various experts in the country and to hire them to come in and help and to do this. And very honestly, this is something that the Nebraska Horsemen, WarHorse, Ho-Chunk, everybody wants to see done because they want to have rules and regulations that work that-- that protect the integrity of the games. I mean, very honestly, this is a business and it needs to be run and regulated like a business. And I think that Senator Stinner is, excuse me, Senator Briese has offered the Legislature an opportunity to move forward in a very businesslike way, both with regards to LB560 and LB561 that's in his committee, and LB365 that-- that is here. So with that, I'd be happy to answer any questions you might have, try to answer.

STINNER: Questions? Senator Hilkemann.

HILKEMANN: So you said 230, 225 is probably not the right number.

WALTER RADCLIFFE: I don't think anybody knows what the right number is, Senator Hikemann. I mean, it's bigger than a breadbox. It's more than \$100,000 and less than \$2 million. So get a dart board and throw. Now, you know, do a half a million if you want. And if they don't spend it, you certainly can-- can-- can lapse it back. But if Mr. Sage feels that the \$225,000 is enough to get them started, I certainly would think that's-- I would believe what he says.

HILKEMANN: Thank you.

STINNER: Any additional questions? Seeing none, thank you.

WALTER RADCLIFFE: Thank you.

LYNNE McNALLY: Third time's a charm. Hello, Chairman Stinner, members of the committee. Lynne McNally, L-y-n-n-e M-c-N-a-l-l-y, representing the Nebraska Horsemen in support of LB365. This money is necessary because the Racing Commission was confronted with something that we caused. They certainly were not appropriating money or reserving money to form an entirely new division to oversee what's going to be a very large industry. And so they really need this money to get things started, to hire the appropriate experts so that they can get rules and regs off the ground. I know for a fact that Tom Sage is working very hard on rules and regs right now, but I have been told that he

*Indicates written testimony submitted prior to the public hearing per
our COVID-19 response protocol

needs help. These are highly technical parts of an industry that you would need outside expertise to get perspective from, for example, monitoring of the games. I did not realize that it takes six people to monitor a craps table. I did not know that. There-- that's just one tiny part of a whole bigger picture that's required in order to regulate and-- and oversee these games. And he really needs the help to get things off the ground. Chairman Stinner, I do know that after I was gone, Governor Ricketts merged the State Lottery with the Charitable Gaming Division, and they keep things totally separate. And it was my understanding that they allocate resources via policies. So I would anticipate that Tom could certainly do the same thing in this instance so.

STINNER: Very good. Questions? I noticed embedded in this, I don't know if you had anything to do with this regulation or this statute, but \$100,000 PSL for salaries temporary. You know, if it's only about a two, three month from the time we pass it to the end of the year, that's quite a bit for salaries.

LYNNE McNALLY: Well, I think I-- I'm speculating a little bit, but I do think that it wasn't just expertise for that person. I think it was also getting people hired for security and investigations. And that had to be law enforcement level people because, you know, you're going to have to be doing FBI background checks. This is not just your regular run of the mill background investigation. You need enhanced background checks to make that happen. So my speculation is that it wasn't just one expert. It was many people that were necessary as well as, you know, Tom and I have worked together for nearly 20 years now. It's him and one full-time person. And I know that he's spread extremely thin just on the racing side. So I can't imagine what his workload looks like now. So I would imagine he needs to hire support staff as quickly as possible just to get the work done. It's-- kind of reminds me a little bit of what the gentleman was discussing in Tax Equalization Review Commission, you know, just physically being able to get the work done in a timely manner is going to become nearly impossible. So he's going to need a lot of help very quickly.

STINNER: Very good. Thanks for that clarification. Any additional questions? Seeing none, thank you.

LYNNE McNALLY: Thank you very much.

*Indicates written testimony submitted prior to the public hearing per
our COVID-19 response protocol

STINNER: Any proponents? Opponents? Seeing none, anybody in the
neutral capacity? Afternoon.

TOM SAGE: Good afternoon, Chairman Skinner or Stinner, sorry, and
members of the committee. My name is Tom Sage, T-o-m, last name is
S-a-g-e, the executive secretary of the Nebraska Racing Commission.
I'm here before you to-- in a neutral capacity. Let me add a little
caveat to that. On January 29, our commission met to go over all the
legislative bills that could affect the Racing Commission and/or the
Gaming Commission. The commission at that time voted on a stance that
they felt that I should be in front of all the committees in a neutral
stance. That way would be open to-- opened up more for more questions.
They felt it was a better place for the commission to be. Even though
they're supportive of obviously the deficit requests, they wanted me
to testify before you in a neutral capacity. So I really don't have a
whole lot to say other than answer questions. Senator Wishart, I can
tell you that we are very much working very hard. There is several
sections of rules and regs that are in a crude form so to speak. The
commission is dedicated and wants this going by July 1. So that's been
pretty much seven hours or seven days a week, 16-hour days for me, but
I welcome the challenge. It's a nice challenge. There was a question
about some regulations. There are some pretty tight regulations in
Chapter 9 regarding gamblers' assistance and also the age limits and
how to prevent the younger people to get in. We've written very
stringent statutes on those two issues, for instance, the gambling
assistance. We will have minimum standards, which will be including
training of all personnel. All employees of a gaming establishment
will have to go through training to spot problem gaming. We have in
our-- our rules about regular patrols of the parking areas to see if
there's underage or youth or, God forbid, infants out there in the
parking lot unattended. That will be written into rules to cover that
kind of stuff. So I'm here to answer any questions. Two hundred and
twenty-five thousand is what I projected. I've been learning the
consultants aren't cheap. I might need to change hats and try to find
a different job. But anyway, \$175 an hour from what I'm understanding
is not out of the question. I think the security parts, the licensing
parts, I've been able to do pretty well internally. Now, when we get
into the technicalities about, you know, how a machine works, the
mechanics of the machine, the random number generators, how to
regulate a roulette wheel, which is fascinating. And we will
definitely not go into it right now. It's very technical. I seem to

*Indicates written testimony submitted prior to the public hearing per
our COVID-19 response protocol

write one rule and think I'm in good shape and find out there needs to be ten more attached. Now, I would also say on that same lines is rules and regulations are not the only thing. Gaming is regulated in your statutes, your rules and regs, then your commission policies. So let me give you one example of what I mean by commission policy. You can say you'll need standard-- minimum standards for surveillance and you can go into that, but you don't want to go into details. Like, for instance, you have to have a dedicated camera on a slot machine that pays a jackpot of \$25,000. That would all be in policy. There's-- there's a lot of those issues. So I guess I'd answer any questions I can and hopefully help you out.

WISHART: Thank you, Tom. Does the committee have any questions?
Senator Erdman.

ERDMAN: Thank you, Senator Wishart. Mr. Sage,--

TOM SAGE: Yes, sir.

ERDMAN: --thanks for coming. So very simple question. If we don't advance this bill, would you be disappointed?

TOM SAGE: Yes, sir.

ERDMAN: So then it is your goal to advance this bill, have us advance this? Your goal is for us to move this bill, right?

TOM SAGE: Yes.

ERDMAN: Tell me how that's a neutral position.

TOM SAGE: I only do what my commissioners asked me to do, Senator.

ERDMAN: Here would be my suggestion. If you're going to come before this committee, if I'm here, you need to be neutral, which would mean if I ask you the question, do you care if we advance ths, you say, no, I don't care.

TOM SAGE: Appreciate that.

ERDMAN: But when you come here and your testimony is like it is, you're in-- you're in the positive category. You're a proponent.

*Indicates written testimony submitted prior to the public hearing per
our COVID-19 response protocol

TOM SAGE: OK.

ERDMAN: So going forward, it would be appreciated if you are in the
right category.

TOM SAGE: OK.

ERDMAN: Thank you.

WISHART: Senator Clements.

CLEMENTS: Thank you, Senator Wishart. Thank you, Mr. Sage. I had a
couple of questions. You talked about children being watched-- left
alone in the parking lot. One thing I heard from opponents of the
gambling initiative was that human trafficking happens around casinos
regularly. Will that be a topic that your commission will be looking
for, to have people watch for that as well?

TOM SAGE: Senator, I think that is very much so. I mean, our
investigators for the Gaming Commission will be state deputy-- deputy
sheriffs, as our investigators are now for the Racing Commission. I
would very much think they would be working with local law enforcement
and getting trained on-- on those aspects of human trafficking. And
that would be something to watch out for.

CLEMENTS: Thank you. I'd just want to make sure we mention that--

TOM SAGE: Appreciate that.

CLEMENTS: --and make sure you are aware of that. The other one is that
I was at a-- presenting another bill, so I've missed out on some of
the conversation. But are-- is your commission supporting merging the
Gaming and Racing Commissions? I understood that's what was proposed.

TOM SAGE: Yes. The-- our chairman spoke in favor. I spoke in a neutral
capacity to answer questions.

CLEMENTS: All right, so-- and then when it's merged though, you'll
still have separate recordkeeping financial within the different
programs for each. Is that right?

TOM SAGE: Yes, that would be the intent.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Appropriations Committee February 8, 2021

*Indicates written testimony submitted prior to the public hearing per
our COVID-19 response protocol

CLEMENTS: All right. I just was-- wanted to make sure that the
commission was wanting us to do that merger--

TOM SAGE: Yes.

CLEMENTS: --and not a separate agency. Thank you.

WISHART: Senator Hilkemann.

HILKEMANN: I will give you a neutral position question.

TOM SAGE: OK.

HILKEMANN: In your research of the different states now that are faced
with the same thing that we are in Nebraska, what states have you
found that have done the gaming probably about as well as any of them?

TOM SAGE: I can tell you, Senator, from the research that I've done,
obviously Nevada and New Jersey are your top.

HILKEMANN: OK.

TOM SAGE: Many experts say Iowa is probably one of the second or
third. I've done extensive research in the rules in Iowa and so I
would say Iowa.

HILKEMANN: OK. Thank you.

TOM SAGE: Anything else? All right. Thank you.

WISHART: Thank you. Do we have anyone else brave enough to come in a
neutral position? [LAUGHTER] OK. Seeing none, that closes our hearing.
Brittany, I didn't know if we had any letters. OK. So next up, we have
LB--

_____ : You want to close?

BRIESE: Supposed to get a close.

WISHART: Oh, would you like to close, Senator Briese? I didn't see you
still there.

BRIESE: No, that's all right. I just stopped here to answer any
questions if anybody had any. I think testimony back there was very

*Indicates written testimony submitted prior to the public hearing per
our COVID-19 response protocol

good. And, you know, going back LB560, LB561, I really, really tried to chart a neutral course through those bills. You know, there's people on both sides of this issue that are going to find fault with certain parts of it. I thought where, you know, where-- where's the middle of the road on this thing? And I did my best to come up with that. So anyway and.

WISHART: Does the committee have any follow-up questions for Senator Briese? I have one, Senator.

BRIESE: Sure.

WISHART: Going back just to the funding, and again, I want to clarify, I think that the commission seems to be all speed ahead to make this happen in a timely manner. But just wondering, with the \$250,000, again, you're going to put that into a bill because it does sound like the last thing we want to do is not fund this enough to the point where they can't meet that July deadline. And so just wanted to clarify, are you going to put that \$250,000 extra in a--

BRIESE: Yes, we should put it in there.

WISHART: OK.

BRIESE: If we need to do that, we sure will, because, again, that needs to be our goal to get this thing moving along and respect the will of the voters. And to the extent we need to do that, to accomplish that goal, yeah, I'll throw it in there.

WISHART: OK, great. Well, thank you. Any other questions? Seeing none, thank you so much. That closes the hearing for LB365.

BRIESE: Thank you, everyone. Have a good day.

STINNER: Thank you, Senator. That concludes our hearing on LB365. We will now open with LB629. Senator Morfeld.

MORFELD: Creating a new commission, that's exciting. Afternoon, members of the Appropriations Committee, Senator Stinner. For the record, my name is Adam Morfeld, that's A-d-a-m M-o-r-f as in Frank-e-l-d, representing the "Fighting" 46th Legislative District, here to introduce LB629. I thought about testifying in the neutral capacity for the last one just to poke the bear a little bit, Senator

*Indicates written testimony submitted prior to the public hearing per
our COVID-19 response protocol

Erdman. But in any case, I was supportive so. The purpose of LB629 though is to create a grant program to provide financial assistance to eligible recipients that have experienced a negative financial impact as a result of the cancelation of events due to COVID-19. The following types of events shall be considered, and I have an amendment, making this a little bit broader that I'll pass out as well. Eligible events for these grants must be held at certain facilities, including a municipality that received a grant of assistance under the Civic and Community Center Financing Act; a political subdivision that received assistance through the Sports Arena Facility Financing Act; and a county agricultural society organized under the County Agricultural Society Act. So think of things like, for instance, the Lancaster County Event Center, Pinnacle Bank Arena. There's arenas in Omaha, Grand Island, and other places, as well. The COVID-19 pandemic has been devastating for many facilities, including those listed above. LB629 is one way that we can help those affected by the pandemic be made whole. I'll note that many of these facilities and these types of cultural and arts facilities are located either in my district or right outside my district, some of the ones that I just actually noted. I've been contacted particularly by cultural organizations that would not be covered under the original language of my bill, which is why I passed out the amendment. We tweaked some of the language to make sure it actually encompasses some of the facilities I've already mentioned. But it would also include and if you go to line 7 of the amendment, a for-profit or not-for-profit music venue or venue otherwise dedicated to performance art. So that does broaden it a little bit. And so that's why I included that, because after I introduced the bill, I heard from a lot of those organizations saying, hey, listen, these are the event centers. That's great. But that being said, we're the organizations that put on the events and we're-- we're barely staying afloat. As you may recall, there is some CARES Act funding that's already gone out. There's also some federal PPP loans that have gone out and been forgiven. But those are limited in nature and they haven't been enough to keep many of these organizations afloat. I know Senator Wishart has been on some calls with me and some other folks, particularly about the agricultural society, the Lancaster County Event Center here in town, that in particular-- in particular has been hit and not eligible for some of those federal funds. I know that there's many other agriculture societies throughout the state that are probably in the same position. And so with that, I'd urge your

*Indicates written testimony submitted prior to the public hearing per
our COVID-19 response protocol

favorable consideration of this bill, and I'd be happy to answer any
questions that you may have.

STINNER: Questions? Senator Wishart.

WISHART: Well, thank you, Senator Morfeld, for bringing this. I have
been in quite a few conversations with the Lancaster County Event
Center. Being a 4-Her myself and showing there a lot when I was
little, that place is really important to Lincoln. So, for example, we
were supposed to have the U.S., the rodeo here,--

MORFELD: Um-hum.

WISHART: --which is a huge deal for this Event Center. So this-- we
lost it, obviously, because we couldn't host it here. This would
provide funding for the loss of that.

MORFELD: Yes. It would provide funding for the loss. It's meant to go
to the actual people. So staff, employees, other folks that would
otherwise have to be laid off. It's not meant to go to, you know,
facilities, things like that, I mean, obviously the operation of
facilities in terms of the electrical bills, the heat bills, things
like that, but yes, it's meant to go to organizations like that.

STINNER: Additional questions? Senator Dorn.

DORN: Thank you, Chairman Stinner. Thank you for being here, Senator
Morfeld. Reading through the bill, how or-- how if there's more than
\$8 million applied for, who determines the criteria or how is that
allocated?

MORFELD: Yeah. So line 7, page 2 designates the Department of Revenue
to create the kind of the guidelines. And then on page 3, starting
around line 1 or 2, the department shall determine, excuse me, line 3:
The department shall determine the amount of the grant based on the
number of applications received, the available appropriations, the
negative financial impact experienced by the applicant due to
cancelations, and such other criteria that the department may choose.
So I'm leaving it up to the discretion of the department. I'm also
happy to tighten it up.

DORN: Well, my question is, does that mean they'd allocate on if they
had 12 million apply, allocate two thirds of the amount or does it

*Indicates written testimony submitted prior to the public hearing per
our COVID-19 response protocol

mean, no, we're going to pick these six or whatever? But you're leaving that right now just entirely to the Department of Revenue. And there's no I call it oversight committee or anything like that.

MORFELD: No, there isn't. And I mean, I think the guiding criteria would be the negative financial impact experienced by the applicant due to cancelations. So there might be, you know, you bring up a good point, Senator Dorn. We might want to tighten up the language a little bit because, you know, for like Lancaster County Event Center, that's just one example. They're not eligible for certain types of federal funding that some other organizations are eligible for, for some technical reasons. Right? So because they haven't been able-- been able to apply or receive any, maybe they should be at a little bit higher, you know, the top of the list, because they have less opportunity for emergency funds. So I'm happy to work with you or anybody else on the committee on language to tighten it up a little bit.

STINNER: Senator Erdman.

ERDMAN: Thank you, Senator Stinner. Thank you, Senator Morfeld, for bringing this. So is this a, as as you described it, this is going to go to the workers and not to the facility. Is that what you said?

MORFELD: Yeah. My goal is to go to facilities. I mean, to the workers. I'm sorry. Yeah. My intent is to go to the workers and then just the core operations of the facility so things like electrical, heat, stuff like that.

ERDMAN: So like in my county where I live, we are the only county in the state that the fairgrounds is not owned by the city-- by the county. A private corporation owns the fairgrounds. And so they don't have any employees. They're all volunteer people that help put on the rodeos and the tractor pulls and all those things. So because we don't have any employees, we wouldn't be eligible for any of these funds?

MORFELD: Well, I mean, right now it's-- it's broad enough so you would be eligible. I was just kind of stating my intent. But that being said, I suppose the-- the costs for your facility would be maintenance and upkeep and then also the utility bills, depending--

ERDMAN: Yeah, yeah.

*Indicates written testimony submitted prior to the public hearing per
our COVID-19 response protocol

MORFELD: --if there are some or not. And so technically under this
bill, it is broad enough for that. But--

ERDMAN: Will this be a pro rata basis or there will be everyone will
get some or there'll be select ones will get it and some won't?

MORFELD: So right now the criteria is up to the department. So it
would be up to the department whether or not they would give everybody
something on a pro-rata basis or whether or not they would pick and
choose losers and winners.

ERDMAN: OK.

MORFELD: But again, willing to tighten it up.

STINNER: Senator Hilkemann.

HILKEMANN: Yeah, Senator Morfeld, why did you say these-- these
organizations didn't get PPP loans?

MORFELD: Yeah, so I'm not-- I don't have the information with me right
now, but my understanding from the briefing calls that I've received
from the Lancaster County Event Center, it's some weird loophole
that's in the federal statute, not loophole. It's a bad loophole. It's
some weird thing that they did not fall under to become eligible for
the federal loans in the federal law. And so I think that that's
unique to the agricultural societies. But I can get more information
from you from them.

HILKEMANN: OK. I didn't-- OK. The more and more I learn about that PPP
loan, I think everybody should have applied for it, from what I
understand. But anyway, that's fine. Quarterbacks can get paid.

STINNER: Senator Kolterman.

KOLTERMAN: Thank you, Senator Stinner. Senator Morfeld, you indicated
that this might be based on losing out on shows or events and things
of that nature and based on the fact that it would go to the people.
So in listening to Senator Erdman over there, since-- since they don't
have any people out there anymore and since nobody has shows out
there, they really wouldn't qualify anyway, would they?

*Indicates written testimony submitted prior to the public hearing per
our COVID-19 response protocol

MORFELD: Well, right now they would qualify because they fall under the types of organizations that would be covered. That being said, it would be up to the Department of Revenue to see whether or not they rise to the same level of need as an organization that-- that does have those needs.

KOLTERMAN: Thank you.

STINNER: Questions? Seeing none, thank you.

MORFELD: Thank you. Pretty popular bill. [LAUGHTER]

STINNER: Any proponents?

MORFELD: Can I close?

BRITTANY STUREK: Submitted written testimony.

STINNER: What's that?

ERDMAN: Written testimony.

STINNER: We do have written testimony?

BRITTANY STUREK: Submitted written testimony, a proponent.

***CORR SCHRADER:** Good afternoon, Chairman Stinner and Members of the Appropriations Committee: My name is Cora Schrader and I am a registered lobbyist for the Metropolitan Entertainment & Convention Authority (MECA) and I would like to offer the following testimony in support of LB629. Since its formation in 2000, MECA has served as an economic driver for the City of Omaha by managing and activating the CHI Health Center arena and convention center and TD Ameritrade Park Omaha ballpark. This business undoubtedly draws a significant amount of hotel and restaurant revenue to the community, while also ensuring the vitality and relevance of both venues - protecting the investment and confidence of both the taxpayers and local philanthropists who contributed to their construction. MECA consistently secures events that lure tens of thousands of visitors to Omaha and Nebraska with the organization's fiscal wellbeing demonstrating a proven lifeline to the local economy's health. Given the opportunity, MECA will also play an important role in the financial rebound of this city and state - continuously working to earn landmark events that will serve as

*Indicates written testimony submitted prior to the public hearing per
our COVID-19 response protocol

beacons of hope and excitement for the community. For about 20 years, MECA has proudly been a self-sustaining entity - not only recording a profit every year but reinvesting those dollars into building upgrades and upkeep (rather than asking taxpayers to do so). But in 2020, for the first time MECA came dangerously close to ending its fiscal year in the red. Between the sudden loss of events, the necessity to invest in Personal Protective Equipment (PPE) and the latest sanitization technology, and the survival on dwindling reserves, the COVID-19 pandemic thrust MECA into previously uncharted territory and financial hardship. For that reason, MECA stands staunchly in support of LB629 and the prospective lifeline it casts to event venues across the state of Nebraska. Facilities such as ours were among the first to endure a complete and uncontrollable loss of business; unquestionably, we'll be among the last to resume full and normal operations. The cancelation and postponement of several significant events (including the 2020 NCAA Men's College World Series, the USA Team Trials for Swimming and the NCAA Basketball Tournament First and Second rounds) totaled a \$6.3 million loss for MECA; hundreds of event staffers are unfortunately out of work until crowds may resume. MECA believes it is important to maintain our talent and preserve the state of our buildings to assure continued function as the world-class operation that our community (and its visitors) have come to expect. LB629 will help make that possible. Our thanks for your consideration and to Senator Morfeld for introducing this important grant program.

STINNER: OK. Any opponents? Seeing none, anybody in the neutral capacity? Seeing none, Senator, would you like to close?

MORFELD: I just can't resist. Thank you very much for having me. Happy to change the number, too, if that's too low or too high and more than happy to work with people to tighten it up as well. Thank you.

STINNER: OK. We did receive written submitted testimony from Cora Schrader, M-E-C-A, as a proponent for LB629. We also got letters for the record of support: Lincoln Chamber of Commerce; City of Lincoln, Nebraska; Carina McCormick. Apparently we got one in opposition from Shirley Neeman-- Niemeyer.

MORFELD: [INAUDIBLE] for consent calendar.

STINNER: OK. There you go.

Transcript Prepared by Clerk of the Legislature Transcribers Office
Appropriations Committee February 8, 2021

*Indicates written testimony submitted prior to the public hearing per
our COVID-19 response protocol

MORFELD: Thanks, guys.

STINNER: OK.

_____ : Thank you.

STINNER: That concludes [RECORDER MALFUNCTION] on LB629. It also
concludes our hearings for today.