

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

Does not include 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

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

Does not include written testimony submitted prior to the public hearing per our COVID-19 response protocol

have copies, please raise your hand so the page can make copies for you. With that, we will begin today's hearing with LB579, Senator Moser.

MOSER: Good morning, Chairman Stinner--

STINNER: Morning.

MOSER: --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

Does not include written testimony submitted prior to the public hearing per our COVID-19 response protocol

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." 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.

Does not include written testimony submitted prior to the public hearing per our COVID-19 response protocol

CLEMENTS: All right.

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.

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

Does not include written testimony submitted prior to the public hearing per our COVID-19 response protocol

CLEMENTS: Thank you.

STINNER: Senator Hilkemann.

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?

MOSEER: 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.

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

HILKEMANN: OK.

MOSEER: 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--

MOSEER: 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?

MOSEER: 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

Does not include written testimony submitted prior to the public hearing per our COVID-19 response protocol

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, 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.

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

Does not include written testimony submitted prior to the public hearing per our COVID-19 response protocol

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.

MOSER: 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.

MOSER: --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.

MOSER: 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--

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

KOLTERMAN: Yeah.

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

Does not include written testimony submitted prior to the public hearing per our COVID-19 response protocol

MOSER: 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.

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

KOLTERMAN: Yeah.

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

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

Does not include written testimony submitted prior to the public hearing per our COVID-19 response protocol

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.

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.

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

Does not include written testimony submitted prior to the public hearing per our COVID-19 response protocol

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 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.

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

Does not include written testimony submitted prior to the public hearing per our COVID-19 response protocol

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.

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

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

Does not include written testimony submitted prior to the public hearing per our COVID-19 response protocol

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 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--

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

Does not include written testimony submitted prior to the public hearing per our COVID-19 response protocol

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 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

Does not include written testimony submitted prior to the public hearing per our COVID-19 response protocol

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 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

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

Does not include written testimony submitted prior to the public hearing per our COVID-19 response protocol

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.

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

Does not include written testimony submitted prior to the public hearing per our COVID-19 response protocol

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?

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

Does not include written testimony submitted prior to the public hearing per our COVID-19 response protocol

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 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.

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

Does not include written testimony submitted prior to the public hearing per our COVID-19 response protocol

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?

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.

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

Does not include written testimony submitted prior to the public hearing per our COVID-19 response protocol

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.

WISHART: Anymore 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 Trans-- 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

Does not include written testimony submitted prior to the public hearing per our COVID-19 response protocol

and becoming-- and beginning work on emergency report-- repairs. Their 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 Senators 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.

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

Does not include 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.

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

Does not include written testimony submitted prior to the public hearing per our COVID-19 response protocol

And I'll be happy to explain or address any of the specific projects that you might have.

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 the [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,

Does not include written testimony submitted prior to the public hearing per our COVID-19 response protocol

WISHART: Senator Kolterman.

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

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

Does not include written testimony submitted prior to the public hearing per our COVID-19 response protocol

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 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.

Does not include written testimony submitted prior to the public hearing per our COVID-19 response protocol

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 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

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

Does not include written testimony submitted prior to the public hearing per our COVID-19 response protocol

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 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?

Does not include written testimony submitted prior to the public hearing per our COVID-19 response protocol

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 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?

Does not include written testimony submitted prior to the public hearing per our COVID-19 response protocol

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 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 contactor 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

Does not include written testimony submitted prior to the public hearing per our COVID-19 response protocol

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 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

Does not include written testimony submitted prior to the public hearing per our COVID-19 response protocol

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.

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.

Does not include written testimony submitted prior to the public hearing per our COVID-19 response protocol

MOE JAMSHIDI: Well, I don't know if there was a question in there, but let me just address [INAUDIBLE] 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 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--

Does not include written testimony submitted prior to the public hearing per our COVID-19 response protocol

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 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.

Does not include written testimony submitted prior to the public hearing per our COVID-19 response protocol

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 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.

Does not include written testimony submitted prior to the public hearing per our COVID-19 response protocol

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?

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

Does not include written testimony submitted prior to the public hearing per our COVID-19 response protocol

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--

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.

Does not include written testimony submitted prior to the public hearing per our COVID-19 response protocol

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 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

Does not include written testimony submitted prior to the public hearing per our COVID-19 response protocol

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 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.

Does not include written testimony submitted prior to the public hearing per our COVID-19 response protocol

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 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

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

Does not include written testimony submitted prior to the public hearing per our COVID-19 response protocol

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.

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.

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

Does not include written testimony submitted prior to the public hearing per our COVID-19 response protocol

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 24.

RHONDA LAHM: Good morning, Senator Hilkemann and members of the Appropriations Committee. My name is Rhonda Lahm, R-h-o-n-d-l-a-- R-h-o-n-d-a L-a-h-m, director of the Nebraska Department of Motor Vehicles. Thank you for the opportunity to appear before the committee today and share information regarding the budget recommendations. I want to thank the committee for your preliminary approval of the agency budget as introduced in LB380. The requested increase for Program 90 relates to the cost of printing the next license plate series. Changes in Program 70 from the current baseline budget relate to contracts for leases and system maintenance, increases in the rates assessed for technology from the OCIO, and increases for negotiated salary and benefit changes. Senator and members of the committee, thank you for your time and I'm happy to answer any questions you may have.

HILKEMANN: Do we have questions for Director Lahm?

RHONDA LAHM: OK. Thank you very much.

HILKEMANN: I see no questions. Thank you very much.

_____ : Thank you.

RHONDA LAHM: I'm setting a record for the shortest.

HILKEMANN: Anybody-- anybody opposed to what Agency 24 just said? Anyone in a neutral position? That will end our hearing on Agency 24. Agency 27, the Department of Transportation. I think they've been and gone. Right? And we have-- I--

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

Does not include written testimony submitted prior to the public hearing per our COVID-19 response protocol

DORN: He's still-- Senator Hilkemann, he's still here. I think he needed a break.

_____ : I think he went to the restroom or something.

HILKEMANN: Oh, he-- he's coming back?

DORN: Yeah. Yeah, he-- they-- I-- [INAUDIBLE]

HILKEMANN: OK, thank you.

KOLTERMAN: I hope so. I've got some questions for him.

DORN: Yeah, their stuff's all here yet.

HILKEMANN: I'm trying to get through it, guys.

McDONNELL: We know that, Senator. Good job. How about [INAUDIBLE]

HILKEMANN: What about-- they-- let's-- while they're taking their time, Agency 40, is there anyone? Agency 40?

McDONNELL: I'm sorry, Brittany, are these on the schedule because they said they were going to be here?

BRITTANY STUREK: Yeah.

McDONNELL: OK.

DORN: Well, their-- their-- their clothes are here and stuff, and it looked like he was asking somebody--

McDONNELL: How about Agency 40?

DORN: Oh, 40.

McDONNELL: He was--

DORN: Oh, never mind.

McDONNELL: Yeah.

DORN: OK.

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

Does not include written testimony submitted prior to the public hearing per our COVID-19 response protocol

HILKEMANN: OK. Do we--

McDONNELL: Can-- can go get them?

HILKEMANN: Let's see, yeah, yeah, it-- let's see if we can contact them to-- if there's a way. You're up.

MOE JAMSHIDI: All right.

HILKEMANN: OK, the-- we are opening the-- the hearing now for Agency 27.

MOE JAMSHIDI: Yes. OK. Hello again, good morning. Distinguished members of the Appropriations Committee, my name is Moe Jamshidi, spelled M-o-e J-a-m-s-h-i-d-i, and I am the deputy director for operations and currently the acting director of the Nebraska Department of Transportation. Thank you for the invitation to appear before the committee. We at NDOT greatly appreciate this committee and the Legislature's continued support for transportation. It is because of your support that Nebraska has a well-maintained transportation system. For instance-- for instance, with the help of legislation like the Build Nebraska Act and the Transportation Innovation Act, we are finally constructing and delivering capital improvement projects that have been decades in the making. The department's core mission is to deliver projects, maintain and operate our current assets, and serving surface transportation and aviation industries in the most effective and efficient way to provide the best possible statewide transportation system for the movement of people and goods. I want to take a few moments to discuss how the Nebraska Department of Transportation is funded. On the surface transportation side, the department's work is made possible primarily by the state revenues collected through transportation-related activities, such as the gas tax, sales tax on motor vehicles, and motor vehicle registration fees, all of which are directed into the Highway Trust Fund. On the aviation side, the work of the aeronautics division is funded by the aviation fuel tax, which is directed to the Aeronautics Cash Fund. This approach of dedicated state revenues is a nationwide best practice and ensures revenues generated for transportation are spent on transportation. This level of funding certainty maximizes the department's ability to plan on both short- and long-term bases and providing greater stability. Thank you. When it comes to surface

Does not include written testimony submitted prior to the public hearing per our COVID-19 response protocol

transportation, stability and predictability are essential to planning. When the planning for the ut-- when planning for utilization of these funds, we take state funds, match them up with the federal funds typically at a-- typically as a 20 to 80 ratio, respectively, and then put those resources to work building and maintaining Nebraska's transportation system. When the funding is insufficient or funding is shifted away from transportation, it can cause a cascading effect that can jeopardize the fullest use of federal funds that are tied to state dollars. This then affects in delivery-- delayed projects and consequently increases costs. Cash flow is closely monitored and its management is done purposefully to ensure taxpayer dollars are being efficiently spent on transportation system to provide a meaningful boost to the state's economy. With the addition of Build Nebraska Act and the Transportation Innovation Act, the department has modified its approach to cash flow management. Over the last several years, we have been more tightly managing the resources provided from the Highway Trust Fund while preparing for delivery of several large investments, like the 275, Scribner to West Point, Highway 30, North Bend to Fremont, and continuation of Heartland Expressway, which are funded from the Build Nebraska Act and Transportation Innovation Act. We've also been strategic in partnering with the federal delegations to stress the importance of rural transport-- infrastructure. In the last few years, we have seen the success of these efforts to a tune of \$64 million of federal discretionary funds on key segments of expressway system and on high-priority corridors. These grants allow us to deliver projects across the state, in some cases years before it was otherwise possible. We will continue to seek these competitive federal grants to accelerate project delivery. This takes me to the Governor's recommendation for the department. I want to touch on a few things and provide additional context into the thought behind the request and the potential impact of vari-- variation between the committee's preliminary decisions and the Governor's recommendation. First, I would like to touch on transportation technology enhancement, including an expanded drone program. The department recognizes that the twenty-first century technology plays an integral role in project delivery, construction, maintenance, and preservation of infrastructure in creating operational efficiencies. NDOT's transportation technology enhancement request is a multifaceted budget issue which includes modernization of our old financial system,

Does not include written testimony submitted prior to the public hearing per our COVID-19 response protocol

upgrading various software that helps us manage the vast amount of data we collect on a daily basis, and procuring survey equipment, including unmanned aerial systems, or drones, that allow us to be more efficient. In support of NDOT's strategic goals of improving project delivery, safety, and asset management, NDOT has requested increase in appropriation to expand the use of its drone program to include additional equipment, including a fixed-wing drone, as well as a drone LiDAR mapping system. In our initial use of drones, we have seen significant benefits in our program delivery efforts. LiDAR systems allow for the capture of detailed three-dimensional survey data for an area. This data can be translated into a very accurate digital model that depicts the observed area. The technology also enables accurate survey of actual ground services more quickly and more safely than traditional manual inspection and data collection survey techniques. Having these capabilities provides NDOT the ability to not only improve normal project delivery process, but also rapidly responds in urgent situations such as the emergencies that we experienced during the 2019 flooding events. We encourage the committee to approve our request for \$2.5 million cash for an appropriation in fiscal '22 and \$12.8 million cash for appropriation in fiscal '23 for this multifaceted transportation technology enhancement budget issue. We also understand that committee has expressed some concerns regarding our request to contract for the roadside assistance program for the interstate and expressway system in Omaha. NDOT has historically partnered with the Metropolitan Planning Agencies, or MAPA, and the Nebraska State Patrol Foundation to coordinate the activities of the Nebraska Motorist Assist Program. With thousands of motorists traveling on Interstate 80 each day, disabled vehicles create serious traffic hazard. The State Patrol Foundation's program enlisted volunteers to patrol the busy stretches of I-80 between Omaha and Kearney to help stranded travelers get back to the road. These volunteers offer-- offered fuel, tire change, jump-starts, and other assistance free of charge, allowing the State Patrol Troopers and local law enforcement to focus on enforcement and emergency responses. The benefit of these roadside assistance activities include quick clearance of crashes, in addition to basic removal of roadway debris and real-time data for the dispatch-- dispatch functions. They reduce exposure of the traveling public to adverse driving conditions and enhance reporting and response time that assists NDOT maintenance forces, State Patrol Troopers, and other emergency first responders.

Does not include written testimony submitted prior to the public hearing per our COVID-19 response protocol

Following the recent termination of the volunteer staff program by the State Patrol Foundation, and given the important benefits noted above, NDOT has decided to seek a paid contract, similar to other DOTs, for the roadside assistance service along the interstate and expressway systems in Omaha. We request that the committee approve NDOT's request of \$500,000 cash for an appropriation for each fiscal year for the roadside assistance program. This takes me to the fleet. One of the most important priorities for NDOT during this next biennium is to achieve a proper economic balance between the capital cost of replacing equipment and ownership cost of operating and maintaining that equipment. For example, for many years, our fleet replacement program has been in- has been funded insufficiently. As a result, the overall health of our fleet is rapidly declining. With funding sufficient to replace only 3.5 percent of our fleet annually, equipment age is increasing and resulting in declining equipment availability. Compounding this problem is the rapid escalating cost of equipment. Post-recession equipment inflation has driven equipment prices up by more than 150 percent, thereby substantially diminishing the buying power of available funding. In 2019, NDOT hired a professional fleet consulting firm to provide recommendations on equipment lifecycle and estimated impact of various funding levels on DOT's fleet replacement program. the initial annual capital requirement to keep our fleet within the consultant's recommended equipment lifecycle guidelines would be \$36 million annually. In addition to this initial capital, the consultant also recommended that we allocate sufficient funds to replace equipment that has already surpassed the recommended lifecycle. Presently, that's about \$200 million. Here are a few other consultant findings. More than half of the current fleet are beyond the recommended service life. In the past ten years, our plow truck availability has dropped from 86 percent to 64 percent, meaning that almost four out of every ten trucks may be in the-- in the shop when we need them. If NDOT does not increase its fleet capital investment by year 2030, this estimate-- they estimate the equipment maintenance costs alone will double from \$20 million to \$40 million. Now NDOT recognizes the consultant's recommendation, annual capital investment to optimize NDOT's fleet-- fleets over the next ten-year period is really not feasible. But we bel-- but we believe that if we can steadily increase our capital investment for equipment and strategically target our most critical assets through the amount included in our budget request, we will be able to

Does not include written testimony submitted prior to the public hearing per our COVID-19 response protocol

partially mitigate the degradation of our fleet and allow the increase in repair-- de-- and slow down the increase in repair costs. Therefore, this strategy-- this strategic fleet management request represents an increase in funding during the '22-23 biennium as follows: an increase of \$6 million over the base appropriation to \$20 million in fiscal '22 and an increase of \$11 million over the base appropriation to \$25 million in fiscal '23. Equipment replacement priorities will be in accordance with established policy, with the bulk of funding directed towards our most critical causes of equipment, which are, in this case, plow trucks and wheel loaders. Moving beyond '22-23 biennium, NDOT will prepare a long-term fleet management plan that will chart a path to optimize our fleet replacement schedule. OK, capital facilities: We understand the committee members had some questions on our Central Complex renovation project while considering our capital facilities request of \$10 million for each year on Program 901. Department has been performing planning work on the Central Complex project for quite some time. The Central Complex building was constructed back in 1966 and structurally remains unmodified or updated since the original construction. Over the years, the building has received various repairs and maintenance improvements. But given the age and the functionality of the Central Complex building, NDOT had been considering a total or partial replacement, but we realized the cost was too high. Given all the other needs of the state transportation system, we decided that the best option would be to remodel and repair as funds allow. Prior to submitting our last biennial budget request, we did not have sufficient information related to the scope of the work or the cost estimate that would allow us to work-- to put the work on-- included it on our budget, but planning and scoping will continue. In 2020, too, we realized some savings based on the lower cost of other capital facility projects that are coming in under budget; therefore, we can address this priority without impacting the delivery of other projects. To conclude my testimony, I would again like to thank the committee for your prelim-- preliminary recommendation to approve much of the Governor's recommendation for Nebraska Department of Transportation and also reiterate my appreciation for the ongoing support the Legislature has given us. Thank you for your time, and I will be happy to answer any questions you might have.

HILKEMANN: OK. Senator, you're up.

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

Does not include written testimony submitted prior to the public hearing per our COVID-19 response protocol

ERDMAN: Thank you. Thank you, Senator Hilkemann.

HILKEMANN: Senator Erdman.

ERDMAN: Thank you for your report today. I want to-- I'd ask this question. How many-- how many square feet do you have in the facility where you're at now?

MOE JAMSHIDI: We have-- we have-- we actually have three buildings, the 1400 and-- the-- the main building that we're working on is that 1500 building, which is the Central Complex, three level floors. I really can't tell you the-- the square footage, but we have well over 200 people working there on three levels, and including all the basement and everything.

ERDMAN: I have a-- I have a suggestion that will solve your problem. There's 46,000 square feet of office space available in Sidney for \$14 million. That's-- that's a--

MOE JAMSHIDI: And I heard you have plumbings there too.

ERDMAN: Yeah, we do. But I-- I read your-- I listened to your comments about the drone use and maybe you could help me understand something. And first let me ask you, how many employees does the department have today?

MOE JAMSHIDI: Department of Transportation right now has 2,075 authorized FTEs.

ERDMAN: Do you know what that number was, full-time employees, in 1980?

MOE JAMSHIDI: I'm sure it was a lot more.

ERDMAN: It was about 2,300.

MOE JAMSHIDI: Yeah, about that.

ERDMAN: So-- so here's my-- here's my question, is-- the equipment in 1980 was a lot smaller, a lot less efficient. We had no drones. We had no-- none of the technology we have today. So in 1980, we did the dirt work; we did the road construction; we didn't farm out surveying and

Does not include written testimony submitted prior to the public hearing per our COVID-19 response protocol

all the stuff we do today. And we have almost the same number of employees today as we had then. So when you start using these drones to do surveying and those things, how many FTEs will that eliminate?

MOE JAMSHIDI: Our drone program right now has 2 dedicated employees for it. We already have six drones, Senator, that help us do survey of areas that is really hard to reach. Yeah, we have two and it potentially stays at that level because we're just giving them a more efficient piece of equipment that can do the same job faster. And-- and we still have to use-- utilize consultants for much of the work. But as you know, if you-- you have-- if you hire a consultant to do something, you got to know what you're asking them to do and you have to have a good understanding of what it takes to get the job done.

ERDMAN: So I'm going to conclude that it did not reduce the staff by any by putting drones in. Would that be fair to say?

MOE JAMSHIDI: We have-- actually, that's not true. We have reduced our staff in the-- in a traditional way. We have a whole other group of surveyors that-- that the numbers have been reduced, as you said, 2,300 to 2,075 through the years. Some of those surveys, I can't tell you exactly how many, but there's one group that reduced when we added these two on our technology program to help with the drone program. So in-- in-- overall, I would say it's probably a wash. As we do away with the old traditional way of doing it where we have-- I used to do it all the time myself. We don't need that many people out in the field to do that.

ERDMAN: It-- it would seem to me that if-- if in 1980 we did significantly more work than we do today and we have almost the same number of employees, there has to be some efficiencies there somewhere. So you talked about the snowplows and the replacement of those snowplows. What is the parameter, when do they decide, when they get four flakes or eight flakes of snow, they go out, start pushing snow, or is it some other number besides that?

MOE JAMSHIDI: We-- we subscribe to six different weather forecasters through our program that we have. It really isn't-- the inches of snow has really nothing to do with whether we de-- deploy these trucks out there to do it. A lot has to do with when the snow is going to come, is it going to be in the form of ice, so we-- we monitor it almost

Does not include written testimony submitted prior to the public hearing per our COVID-19 response protocol

hourly by hourly before it comes from west and goes east. And our-- our supervisors, superintendents have done this for years. And they decide at some point that-- whether it's a storm that we don't have to deploy anybody, it's going to be fine, it's just a couple of inches of-- depending on the wind condition, or you could have a-- a major ice storm ahead of it where we have to sometimes pretreat the bridges.

ERDMAN: Right, right. The-- here's my point, is, they could stay in the barn most of the time when they're out there pushing snow, which would extend the life of your trucks, and so they're out there warming up the highway in case it snows so that the highway is warm and that snowflakes can melt. The point is, most of the snow plowing that happens in my region, most of the time, is not needed. And if you go south of Kimball, Nebraska, there's like 17 miles of state-- of Nebraska highway till you get to-- to the Colorado line. When you get to the Colorado line, there's a sign right there that says no snow plowing between 7:00 p.m. and 5:00 a.m. That is the procedure that this state needs to employ, not on Interstate 80, not on those major arteries, but there's a lot of roads that they could stay in the bus from 7:00 to 5:00. I tried to introduce a bill back in '16 to do exactly that, never happened. So we need to make some decisions on how to extend the life of our equipment so we don't have to keep coming in here and asking for new equipment because equipment's wore out because we're doing things that are unnecessary. So I don't know what the parameters are on snowplowing, but it needs to change.

MOE JAMSHIDI: We have about 700 snowplows across the state and we have a schedule of what highways are getting how much attention, how many hours a day. As you--

ERDMAN: Right.

MOE JAMSHIDI: As you mentioned, I-80 is 24/7.

ERDMAN: I agree.

MOE JAMSHIDI: Expressways, most of them are. Some are 16-hour group. But, Senator, I get phone calls from people who need to get-- to go to the hospital in the middle of the night, that they live in a rural area, that if I told them that I can't plow their highway just because they live in a very not densely--

Does not include written testimony submitted prior to the public hearing per our COVID-19 response protocol

ERDMAN: Yeah.

MOE JAMSHIDI: --place-- area, I-- I can't sleep at night. We got to--

ERDMAN: You-- you missed my point. I didn't say that. Somebody calls--

MOE JAMSHIDI: I'm sorry.

ERDMAN: --and has an emergency, you run out there and fix it, right? That's what I'm saying. I'm not saying you don't do that.

MOE JAMSHIDI: But if you have a ten-mile road that you don't use, somebody calls in two minutes, you go get that thing cleaned up, if I can't get the emergency trucks, emergency equipment to them, I think that's a problem.

ERDMAN: Yeah, yeah.

MOE JAMSHIDI: And we do our best.

ERDMAN: You missed--

MOE JAMSHIDI: And you're right, we're not everywhere.

ERDMAN: You missed my point altogether.

MOE JAMSHIDI: I'm sorry. I probably did.

ERDMAN: That's all right. I have other questions. I'll wait till later.

HILKEMANN: Yeah, go ahead-- go ahead, Senator.

ERDMAN: No, I'll wait till later.

HILKEMANN: OK, OK. Additional questions? Senator Kolterman.

KOLTERMAN: You know, I just have a couple of questions. Are you fam-- you're familiar with the 305 Program that deals with trans-- assist the local transportation? There was a discrepancy of-- of about a million dollars. We were a million dollars long in that program at the end of last year. Is-- is there a reason-- would there be a reason?

Does not include written testimony submitted prior to the public hearing per our COVID-19 response protocol

It's only a \$6 million program, but are-- are we underutilizing that? Are we not paying that out, do you know?

MOE JAMSHIDI: I really have to check up on that. I'll-- I'll-- I'll send you some more information on that. I'm sorry, I'm not prepared to-- on that particular piece of budget, to address it right now.

KOLTERMAN: OK. I just was curious if--

MOE JAMSHIDI: Absolutely.

KOLTERMAN: --there was underutilization for some reason.

MOE JAMSHIDI: Absolutely, absolutely.

KOLTERMAN: And then another question for you is, as I was looking at the balance sheet by-- by the different funds, I noticed that there's-- under the Transportation Infrastructure Bank Fund, 2275, there's about a six-- \$5.7 million transfer, accrued transfer in. Where-- where does that come from?

MOE JAMSHIDI: Transfer into-- I have to see exactly--

KOLTERMAN: Infrastructure Bank.

MOE JAMSHIDI: --what you're saying. But we-- but we have this structure, like I said on our previous thing that we have basically three bank accounts, and sometimes we have to move money from one to the other to pay for certain projects. And-- and so we do that on a daily basis. It's-- it's part of the cash management plan that we have.

KOLTERMAN: OK, and then-- and then finally, I just had a question. What's the total construction? What-- what are we putting out on an annual basis for construction of roads?

MOE JAMSHIDI: Good question. We have-- we're hoping, keeping our fingers crossed, within the next couple of weeks, I will sign a-- our-- our 2022 program that would be \$650 million worth of construction that's going to go out, and that's pretty consistent with-- with other years, so that includes, of course, federal and state, all the other funding that we have.

Does not include written testimony submitted prior to the public hearing per our COVID-19 response protocol

KOLTERMAN: Six-hundred-and-fifty million?

MOE JAMSHIDI: Six-hundred-and fifty million dollars of construction program.

KOLTERMAN: OK, thank you.

MOE JAMSHIDI: You're welcome.

HILKEMANN: Senator McDonnell.

McDONNELL: Following up on that, is that-- is it an 80/20 split then, the \$650 million? Is that an 80/20, roughly, split with the federal-- federal government?

MOE JAMSHIDI: Pretty much. It's not always-- they had some funding on some areas 10-- 10/90 we get once in awhile. But generally speaking-- and some of them, we have state-only funds, some projects that are eligible for funding, yeah.

McDONNELL: But it is a total of \$650 million.

MOE JAMSHIDI: It will be \$650 million in the next program. Yes.

McDONNELL: OK. Thank you.

MOE JAMSHIDI: You're welcome.

HILKEMANN: Senator Clements.

CLEMENTS: Thank you, Senator Hilkemann. Thank you again, Director.

MOE JAMSHIDI: You bet.

CLEMENTS: Regarding the motor assist-- this Motorist Assist Program, your comment said it was going from Omaha to Kearney and the proposal you have is just within the Omaha area?

MOE JAMSHIDI: I'm sorry, that-- my-- my testimony said the old system with the volunteers used to go from Omaha to Kearney. Our pilot program, we're basically calling it right now, for-- it's just Omaha and expressways within Omaha. We want to-- we want to pilot this thing and just really do some return-on-investment analysis after the first

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

Does not include written testimony submitted prior to the public hearing per our COVID-19 response protocol

year. We expect fully to expand it, perhaps to Grand Island and maybe even Kearney, that far. It just-- it just depends. So the-- the first year, the-- we're writing the contract for the Omaha area and include I-80, 480, 680, and all the expressways within Omaha, pretty much.

CLEMENTS: And was the State Patrol Foundation spending that kind of money?

MOE JAMSHIDI: No, they won't be involved in this process. This--

CLEMENTS: No, but--

MOE JAMSHIDI: The-- no, they used to--

CLEMENTS: --the \$500,000 seems very high--

MOE JAMSHIDI: Well--

CLEMENTS: --to me.

MOE JAMSHIDI: The \$500,000--

CLEMENTS: Yes.

MOE JAMSHIDI: --seems very high? We-- we base that on what exactly Iowa does right now in the Council Bluffs area. They've been doing that for a long time. In fact, I got their report a couple of weeks ago. They're showing a return on investment of ten to one, depending on how you calculate benefits. They-- there are a lot of firms nationwide that they do this. The program that we did for Omaha, department used to spend about \$50,000 a year. But remember, the-- everything was volunteer. We had a lot of really good retired State Patrolmen that they wanted to continue to do this. And once that program stopped, we really need to start something and it's-- it-- it's going to cost-- we're-- we're expecting the three to four trucks and maybe three to four contractors that are going to do this and it's going to be a lot more robust than the-- the old one we had.

CLEMENTS: Three or four vehicles, is that-- that's--

Does not include written testimony submitted prior to the public hearing per our COVID-19 response protocol

MOE JAMSHIDI: Pretty much. It-- it all depends on how many hours we want. We're writing the scope of work as we speak. We want to know what hours we want them to operate, how often, what kind of vehicles.

CLEMENTS: Wouldn't that have already been in the estimate of \$500,000?

MOE JAMSHIDI: It-- we have a-- we've-- we've talked to, like I said, Iowa and a couple of DOTs and based on the number of miles and things that we have told them and the kind of services we want, this is a preliminary estimate that-- that they're giving us, so that's all it is at this point, Senator, just an estimate.

CLEMENTS: And this State Patrol Foundation will not be contributing anything to it?

MOE JAMSHIDI: No, they will not be contributing.

CLEMENTS: It'll be 100 percent state funded?

MOE JAMSHIDI: This will be DOT-funded program. Yes.

CLEMENTS: With a contracting company that provides the service, is that it?

MOE JAMSHIDI: Yes, we would write a RFP after our budget is approved and we ask the companies to give us their proposals on the cost that meets our scope of work.

CLEMENTS: OK. Another question, on-- we had some information about construction of new facilities. One was in Columbus, 17.11 acres, and the land acquisition cost was showing at \$420,000. That's \$24,500 per acre. Is that, you think, a reasonable price?

MOE JAMSHIDI: No, but I have to pay it. It-- it-- it's the kind of price that our-- our land acquisition professionals-- and they do it all the time and they-- the location that we need to be having access to the-- to the highways. And we go through a normal land acquisition process. We ask for this land, if it's for sale, and we negotiate. And what the price is-- what the price is-- we're not planning on-- we don't condemn land for these purposes, if you will, but, yeah, that-- that's--

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

Does not include written testimony submitted prior to the public hearing per our COVID-19 response protocol

CLEMENTS: That's what I was thinking, that-- would it appraise for that if you had a condemnation proceeding?

MOE JAMSHIDI: I think-- I think we-- we use our condemnation procedures very judiciously. We don't-- yeah, so it's a fine line between DOT coming in and taking the land. If we can find other options, we look into it, so we-- we want to be very sensitive to when we use that.

CLEMENTS: There was one particular location that you thought you had to have, is that it?

MOE JAMSHIDI: Yes. Yes. And usually it-- with these yards, as you know, through the years, we've built them inside the towns and then the town has grown around us and they want us out of there and we want to get out of there. Our trucks can't even navigate through these corners. If you've been to Columbus office, I used to be-- that was my office for two years back in '84 to '86. It was fine then, but now you try to get around there, even our snowplows don't get through there.

CLEMENTS: OK. Another one I noticed was Bloomfield, \$4.2 million project, and it said there's going to be five acres acquired adjacent for \$450,000. That's \$90,000 an acre in Bloomfield, Nebraska. Is that-- is that a correct figure?

MOE JAMSHIDI: To be honest with you, I don't get involved in the land acquisition. If that's the number they got in there, in Bloomfield, that's pretty expensive.

CLEMENTS: That's what we got from our fiscal guy on that town.

MOE JAMSHIDI: In anywhere-- in anywhere in Nebraska, that's pretty expensive. But I will definitely check on that, Senator. That seems--

CLEMENTS: I hope that's a misprint, and I hope it's \$45,000 instead of \$450,000 but--

MOE JAMSHIDI: We used to have a director of Department of Transportation that was from Bloomfield. He would tell you that that's probably the pristine land anywhere in the world. But I will definitely check on that, sir.

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

Does not include written testimony submitted prior to the public hearing per our COVID-19 response protocol

CLEMENTS: Well, a fiscal analyst gave us a breakdown of that project--

MOE JAMSHIDI: Yeah,

CLEMENTS: --and it just stuck out. And maybe you're building on five acres but acquiring more than five acres, was the other question that I'd like to have--

MOE JAMSHIDI: Sure. I will certainly get that answer to you.

CLEMENTS: --like to have the details on that one.

MOE JAMSHIDI: I will get that answer to you, sir.

CLEMENTS: That's all I had.

HILKEMANN: OK, addit-- Senator Dorn.

DORN: Thank you, Senator Hilkemann. Thank you for being here. Go over your drone project that you're looking at. I-- I think Senator Erdman asked a question before about it. What-- part of what it should accomplish if you're not having to put extra manpower out there, you should be able to save manpower and other things with that and that--

MOE JAMSHIDI: Oh, absolutely. Absolutely. We-- we don't invest without doing a thorough analysis of how that investment is going to pay off. So on the-- on the LiDAR drone, for example, right now, we-- we fly a lot of our projects over acres of land and-- and we then have to do pick-up survey to verify some of those elevations, if you will. What-- what LiDAR would allow us to do for 95 percent of the time, it can go through the vegetation. It can go through the big trees and bushes to get to the ground level where we can take that 3-D model, put it right into our design, and not have to send the survey crews out as often as we do normally to ground truth all of those numbers.

DORN: So somewhere along the line, though, then you should have saving in manpower, not bringing survey crews out there, so--

MOE JAMSHIDI: You bet.

DORN: Yeah, so--

Does not include written testimony submitted prior to the public hearing per our COVID-19 response protocol

MOE JAMSHIDI: You bet.

DORN: But, I mean, this is a request for-- I can't remember exactly the dollar amount, but then does that offset itself or-- in your budget, I mean, or-- or where will that offset itself so that maybe we don't even need to fund this, that it'll be coming out of your budget?

MOE JAMSHIDI: Well, the thing of it is our budget, we-- you know, it-- it comes into state cash fund and we-- as we-- as we've reduced our number of people, if you will, through the years, that savings is going towards some of these by default, so some going to the-- to personnel reductions, some is to the construction for more construction maintenance projects. So the-- our goal is to be as efficient as we can so we can take that savings, put it in there and on the highways.

DORN: Thank you.

HILKEMANN: Additional questions? Senator Erdman.

ERDMAN: Thank you, Senator Hilkemann. Director, there is a company in my district and lives in Bayard, in fact-- their business is in Bayard. They do these things. They-- they have fixed drone-- fixed-wing drones and they do surveying for the railroad and building, you know, pads for-- for oil wells and those kind of things. There are people out there who do this stuff that you can contract with when you wouldn't have to have employees at all, you wouldn't have to have a drone at all; that's what they do. There are similar things that could be farmed out, for example, roadside mowing. And there's some things that the State Department of Transportation could do to ease up on some of the employees that they have year-round for doing seasonal work. And you need to check into the fact that these people are available to do those kind of things you're asking to do with these drones, just a suggestion.

MOE JAMSHIDI: We do. We do. I appreciate that. And actually, we-- right now our-- our consultants who we hire to do survey, they are bringing LiDAR survey back now, and with 3-D modeling, they're putting it in there. The thing of it is, is I've learned through the years. I used-- I used to be in the bridge office and I used to design bridges. I was a structural guy. When I hired a consultant to hire-- to design

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

Does not include written testimony submitted prior to the public hearing per our COVID-19 response protocol

a bridge for me, they wanted to be able to talk to somebody that knew what they wanted, what-- how they wanted to be managed. So I think even though we're going to have capability in the Department of Transportation to do some of these ourselves, we need to be knowledgeable enough what this technology is so when we are, as you said, farming out these-- these kind of work, we know what we're getting, we know how to scope the projects and we know how to negotiate with them, and we know what consultants have to do to get the work done. So they-- even consultants want to talk to well-informed clients instead of just saying, I don't have anybody that knows anything about survey or drones and go get this for me. I think that normally doesn't work as well. But your point is well taken. We constantly consider that.

ERDMAN: I think I understand that.

MOE JAMSHIDI: Thank you.

HILKEMANN: Additional questions?

CLEMENTS: Yes, I do.

HILKEMANN: Yes, Senator Clements.

CLEMENTS: Thank you, Senator. Are you going-- are you here regarding the Department of Aeronautics also or--

MOE JAMSHIDI: Yes.

CLEMENTS: --are we going to have someone from that division?

MOE JAMSHIDI: Yes. Aeronautics and Department of Roads com-- got combined a couple of years ago. Now we're Department of Transportation.

CLEMENTS: Is there-- is there-- are we going to hear from the director of aeronautics or is this going--

MOE JAMSHIDI: I don't believe so. The director of econ-- aeronautics reports to me. And if you have any questions, I will attempt to answer.

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

Does not include written testimony submitted prior to the public hearing per our COVID-19 response protocol

CLEMENTS: All right. Yeah, the-- the question is on the request for the budget, the-- when the departments consolidated, we were looking for some savings and your request here has gone up to \$3.3 million from \$2.8 million in 2021, and I'm just wondering why the increase. It seems like we're not saving anything with that merger.

MOE JAMSHIDI: I'm not really sure exactly which line item you're talking about, but the-- really, the savings that we realized so much-- so far has been on a few FTEs and the-- and really, the coordination between us and the-- the Aeronautics Division has been really an eye opening of the kind of things that I think potential in the future we can do, both in our financial management systems and-- and other things that we can combine and and bring about some efficiency. So we're still studying what other areas are there that we can-- we can take advantage of.

CLEMENTS: OK, well, it's just an open question and I'm not sure-- it came up during our discussions of that division, and maybe we'll get some more information later.

HILKEMANN: Additional questions?

CLEMENTS: Hey. Do you think-- I've got copies for Mr. Jamshidi and the other one is for Mr. [INAUDIBLE] I'm giving you copies of the Bloomfield--

MOE JAMSHIDI: Yes.

CLEMENTS: --maintenance facility information that we were provided so--

MOE JAMSHIDI: Yes.

CLEMENTS: --you could use that to answer that question.

MOE JAMSHIDI: Thank you very much.

CLEMENTS: Thank you. that's it.

HILKEMANN: OK. Additional questions? I have a question. Why did the pro-- why did the volunteer program in Omaha stop?

Does not include written testimony submitted prior to the public hearing per our COVID-19 response protocol

MOE JAMSHIDI: Well, this was kind of the decision of the Nebraska State Patrol, and I think they made that-- they didn't make that decision lightly, but I think-- I think they-- they just-- it wasn't sustainable. The number of volunteers we needed were not there, and the people who were running it for the last two years had been kind of telling us that we're-- we don't have people as willing as they used to be to come forward. Given this condition in Omaha as-- you know, you can't-- you can't-- every day the-- the number of vehicles, 100,000 cars a day, some ridiculous number, and a lot of these folks that were retired people just didn't feel comfortable and I don't blame them. So I think it was a combination of not having volunteers and just a situation getting a little bit too difficult to manage, needed professional drivers to do this.

HILKEMANN: So in some ways, the program ended itself.

MOE JAMSHIDI: I'm sorry?

HILKEMANN: So the program ended itself if it didn't have the volunteers.

MOE JAMSHIDI: Yeah, and-- and we were-- we were seeing a lot of gap in services just because that morning if somebody didn't show up and-- and so we needed to have something that's more sustainable, more predictable, and then so we can deal with a lot of these things.

HILKEMANN: And of course the unfortunate-- they had the unfortunate accident in Oct-- was it October?

MOE JAMSHIDI: Totally, absolutely. That-- that was-- that was really an eye opener, unfortunately, that--

HILKEMANN: Was that the straw that broke the camel's back on this program?

MOE JAMSHIDI: You have to talk to NSP on this. But I-- I certainly don't think that helped.

HILKEMANN: Yeah, OK. Additional questions? Let me just go back-. So one of the-- so this is-- so if we do the \$500,000 for that program, that's going to come out of the General Fund?

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

Does not include written testimony submitted prior to the public hearing per our COVID-19 response protocol

MOE JAMSHIDI: That's coming out of the state cash fund, the Highway Trust Fund, Nebraska's--

HILKEMANN: OK.

MOE JAMSHIDI: Otherwise, it would have gone to highways, yes.

HILKEMANN: OK.

MOE JAMSHIDI: Not the General Fund, we don't-- we-- we--

HILKEMANN: They're cash funded.

MOE JAMSHIDI: It comes out of the Highway Trust Fund, the Nebraska portion of it, the DOT portion of it.

HILKEMANN: I was concerned about starting these new programs. We start \$500,000 this year and next year the appropriation will be for a million. And then within five years, we'll be looking at a \$5-10 million appropriation for this program.

MOE JAMSHIDI: Well, we hope not. But, you know, we only are doing what the public wants us to do to address the issues out in the-- out on the highways. Every time you have an incident on I-80, the biggest thing that-- that we worry about is these secondary incidents, not only the--

HILKEMANN: Right.

MOE JAMSHIDI: --the mobility where you have a parking lot for hours and hours, but then people come over the hill, hitting somebody else. We have 223 people that died on our roads last year, and that's one 223 too many, so we're re-- we were just reacting to the needs of the-- of the highway system. And if this reduces crashes, if this eliminates some loss of life, then it's well worth it.

HILKEMANN: I was interested. You-- you said in Council Bluffs, I think, they-- they get a ten-to-one.

MOE JAMSHIDI: That's what their-- their-- their study says and I-- I haven't looked down into-- into their numbers, but I wouldn't be surprised, if-- if you-- if you eliminated, say, two, three incidents

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

Does not include written testimony submitted prior to the public hearing per our COVID-19 response protocol

on I-80 due to this because somebody were-- was in trouble in the middle of the third lane, if you will, that could easily be justified.

HILKEMANN: Um-hum. OK. Any additional questions? I think you're off the hot seat.

MOE JAMSHIDI: I appreciate your time, Senators.

HILKEMANN: Are there-- is there anyone else to speak about Agency 27 as proponents? Is there anyone who's coming in opposed to the-- or to speak in a negative on Agency 27? Is there anyone who would like to come in on a neutral capacity? Seeing none, now we'll call the end of Agency 27.

McDONNELL: Letters? Do we have any letters?

HILKEMANN: There's-- we have no letters on agencies. Anything additional?

BRITTANY STUREK: Next agency. Next agency [INAUDIBLE]

ERDMAN: The next agency.

HILKEMANN: The next-- oh, the next agency? Agency 40. Is anyone from Agency 40? We didn't have anybody before. I don't see anybody else there now, so Agency 40, we'll end the hearing on Agency 40. And, Brittany, what-- what's-- what-- do we meet this afternoon, 1:30, here? OK.

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-introduction, starting with Senator Erdman.

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.

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

Does not include written testimony submitted prior to the public hearing per our COVID-19 response protocol

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.

JOSH EICKMEIER: Good afternoon, Chairman and committee.

STINNER: Good afternoon.

JOSH EICKMEIER: My name is Josh Eickmeier, J-o-s-h E-i-c-k-m-e-i-e-r. I am the executive director for the Motor Vehicle Industry Licensing Board, Agency 40. I like to say we are a small but mighty cash funded agency and I see some new faces I haven't met before. So I just wanted

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

Does not include written testimony submitted prior to the public hearing per our COVID-19 response protocol

to be here and answer any questions you may have about our agency. If I can be helpful, I'd sure like to.

STINNER: Any questions? I have a question. You have five investigators. Are they full-time investigators?

JOSH EICKMEIER: Yes. We currently have five investigator positions. We have four of them filled.

STINNER: Still?

JOSH EICKMEIER: Yes. And we are in the process of filling that fifth position. It would be the Lincoln investigator.

STINNER: And so with four investigators, you're still asking for an increase in appropriations, even though there's about a \$100,000 gap between actual 2019-20 and '20-21; \$709,000 is what you spent; appropriations for '20-21 was \$100,000 difference, 809. Do you see that you're going to need that differential of \$100,000?

JOSH EICKMEIER: I don't-- I don't believe we will need the full amount at this time. The issue was that the position was going to be a slightly of a hybrid position where it would be different from what we currently have for investigators. It would be somewhat of a management position. And since we've not filled that position before, there is some uncertainty as to what the actual cost would be. We also have likely retirements in the next year and that will play a factor as well the other direction. So in the meantime, I don't know for sure what the-- what that will be since that position wasn't filled even before I-- before I started with the agency. So there's some unknown there.

STINNER: OK. So you're-- instead of five investigators, you're down to four.

JOSH EICKMEIER: Yes.

STINNER: And those four are located various parts. Where in the state are they?

JOSH EICKMEIER: In places maybe some of you have heard of, like Royal, Nebraska?

Does not include written testimony submitted prior to the public hearing per our COVID-19 response protocol

STINNER: Absolutely.

JOSH EICKMEIER: There was a zoo there at one time. You may be familiar with that story. And also--

STINNER: I went there last summer actually.

JOSH EICKMEIER: There's also an investigator in Taylor, Nebraska, and we have one in North Bend as well. And we have one up in Sheridan County by-- kind of by Rushville area. So they-- they all have a territory that they are assigned and-- and so they work from their home.

STINNER: So they-- they do the investigation if there's a complaint?

JOSH EICKMEIER: Um-hum.

STINNER: And if there is evidence something needs to be done, they'll refer it then to the-- to the board?

JOSH EICKMEIER: Yeah. Typically it would-- it would go to me first to see if it's something that can be resolved. It is sort of a consumer protection role at that point. There may be an issue, for example, state law requires a title to be delivered in 30 days. And sometimes the dealer doesn't have the title at the time of the sale is very common. And so they're-- but they're required to deliver it in 30 days. There may be an issue as to why they haven't been able to deliver it. So the customer is on day 29. Their in transit is about to expire. They panic and they may call us and ask for help. And then our investigator would contact the dealer, find out what's really going on, offer them some solutions. For example, you can't put a dealer plate on a vehicle that's owned by a customer. Those dealer plates can only be on inventory. So they can't issue a dealer plate. They can't give them a new in transit. They could give them a loaner vehicle from the dealership with a dealer plate, but sometimes making sure that the dealer understands what their options truly are. And of course, they can always unwind the deal until the title arrives, which we've had some-- some customers really like a vehicle and it could maybe take four or five, six months, especially with COVID. In the last year, some states were shutting down and getting-- getting titles became more of a challenge from other states especially.

Does not include written testimony submitted prior to the public hearing per our COVID-19 response protocol

STINNER: OK. Questions? Seeing none, thank you.

JOSH EICKMEIER: All right. Thank you very much for your time.

STINNER: Are there any proponents? Seeing none, are there any opponents? Seeing none, is there anyone in the neutral capacity? Seeing none, this concludes our hearing of Agency 40. I do not have any-- any testimony, any written testimony to introduce at this point. We'll now open with Agency 16, Department of Revenue. Afternoon.

TONY FULTON: Good afternoon, Chairman. Chairman Stinner, members of the Appropriations Committee, I'm Tony Fulton, T-o-n-y F-u-l-t-o-n, Nebraska's Tax Commissioner and I appear today on behalf of the Department of Revenue. We appreciate the committee's preliminary recommendation and ask that it be incorporated into your final recommendation. With deference to your time, I'm just going to comment briefly on a couple of items: Programs 108 and Program, Program 108 and Program 132, the Homestead Exemption and the Property Tax Credit Cash Fund. These happen to fall under Department of Revenue under my budget. These are the property tax relief programs, or a couple of them, that fall under our budget effectively passed through to taxpayers. This is annual tax relief that you and the Governor have budgeted for to the tune of over \$375 million between the two of them. As you well know, this is much needed by taxpayers and the planning for such relief occurs via this very budget process we're presently undertaking that this portion of property tax relief falls under Agency, Agency 16 provides an opportunity to highlight it. And so that's all I'm doing. So thank you. Program 102, Revenue Administration. Here, I thought it would be appropriate to update you on some of the various metrics that I've implemented to gauge and improve our performance, thereby engendering restraint in our budget while still accomplishing our obligations. A couple of our most useful customer service metrics are the abandoned rate and the average hold time. These are metrics we put in place in our taxpayer assistance area, which is where taxpayers can call in or walk in or email to get help with taxes. So the abandoned rate is what it sounds like after someone has been on hold for a long enough time, they just give up. We call that an abandoned. So we have a rate on that. We measure how many times that happens. And then, of course, average hold time, that's pretty self-explanatory. Our goal is to remain under a 5 percent abandoned rate on taxpayer phone calls with a less than two-minute

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

Does not include written testimony submitted prior to the public hearing per our COVID-19 response protocol

average hold time. Incidentally, these aren't just goals specific to the department. They're also high watermarks for private industry. In our most recent month, our abandoned rate was 2.04 percent and our average hold time was 23 seconds. Our highest abandoned rate occurred in June. That was at 2.69 percent. And our longest average hold time ended up occurring in March about the time the pandemic started, started to hit. And that was 43 seconds, all well below our goals. As I've shared previously, we continue to drive these numbers by preemptively educating taxpayers through our website. We measure what the most frequently asked questions are. Then with this knowledge, we answer these questions preemptively through videos posted to our website. There is much more I could say about our use of process improvement and metrics throughout the department, but I'll stop there with thanks to the good people in the department with whom I have a privilege of working. So I'll stop there. Thank you for your very valuable work on this important committee and for your preliminary recommendation of our budget. I'll be glad to ask-- or answer any questions if you have any.

STINNER: Any questions? Senator Erdman.

ERDMAN: Thank you, Senator Stinner. Thank you, Mr. Fulton, for coming. Appreciate that. So those are pretty good times, really 43 seconds is not a long time. So in your automated system, do you have a, a-- an announcement that says you have one call waiting in front of you or two, or do you have any of that kind of announcement?

TONY FULTON: I'm not positive. I don't think we do. I have secret shopper, our system. So if members of the department are watching this, now they know. Yeah, I don't think we do.

ERDMAN: OK. Sometimes when I call, you know certain things, they'll say there's one call ahead of you, your normal wait time is one minute or whatever.

TONY FULTON: Right.

ERDMAN: But they give you an announcement on how many people there is and then you can decide--

TONY FULTON: Yeah, whether you're going to stay on.

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

Does not include written testimony submitted prior to the public hearing per our COVID-19 response protocol

ERDMAN: --whether you call back or whatever. But I appreciate that. So do you play nice music while they're waiting?

TONY FULTON: Well, it's music. Just depends who's listening, I guess, as to whether it's considered nice. It's relaxing.

ERDMAN: Well, yeah, thank you. And I think that, that Homestead Exemption is a very important aspect of the state. I mean, as I get older, I'm thinking that's pretty important, too.

TONY FULTON: Yeah.

ERDMAN: Thanks.

TONY FULTON: Yeah, that's one that fluctuates a little bit from year to year. And this committee has to deal with that also. We make our best projection and then we have to come back, usually in the out year to adjust it.

ERDMAN: Right.

TONY FULTON: But I, I just wanted to point it out because I was in your shoes. And I think a lot of people just forget how much property tax relief is budgeted for. I mean, TEEOSA obviously is a big one, but there's, there's lots of this. It happens in this, in this committee. And two of these fall under my agency. Again, it's passed through. There's no volition exercise on my part, but someone's got to point it out. You all are the Appropriations Committee. So I just took the opportunity to point it out. Thank you.

ERDMAN: Thank you.

STINNER: Any additional questions? Senator Dorn.

DORN: Thank you, Chairman Stinner. Oh, just a minute here. Hold on. Yeah, thank you, Tony, for being here. Mine-- mine's back to Homestead Exemption a little bit, too. And, and I believe we've had some increase in funding in that. I don't know if you're-- do you hear or are you aware of why we're having increase in funding or what's the main driving point behind it?

Does not include written testimony submitted prior to the public hearing per our COVID-19 response protocol

TONY FULTON: Yeah, our economist is responsible for making this projection. And so I talk with them quite a bit and it is a projection. So I don't want to make it sound like, you know, it's the gospel because it's a guess, but ultimately what's, what's driving this is the burgeoning population, people who, who qualify. I think it's age 65 and there's various, you know, means by which one can qualify for this. But by and large, most people qualify because of their, how should we say, experience in life. And, and it required a requisite income level. And just the fact that we have more people entering that seasoned stage of life, I think is what drives the increase. When I first got here, it was-- oh, I think it was \$70-some million is what was appropriated. And then back when I was in your guys' shoes, it was much less than that. So there are probably other things that are affecting that number. But I'm positive the macro influencer is just the population who could qualify.

DORN: Do you get many-- I guess, does your department or do they do it to the assessor's department, get many questions from people that don't qualify? Or that I've had an individual call me that their house valuation went too high now and then they, they no longer qualified. It, it-- yeah.

TONY FULTON: Well, I think the answer is both. I'm positive the assessors and treasurers of the county officials, they do get contacts. I mean, I'm not privy to those, obviously, but I can tell you that my mother contacted her local down in Nemaha County. And I just-- I talk to folks, Nebraska is a pretty small place, but we definitely get them at the Department of Revenue, no question. And we do our best to help them with respect to what the law says. But I'm positive county officials are getting those questions, too.

DORN: Thank you.

STINNER: Any additional questions? I've got a couple. And you can help me a little bit with this, but when I look at your request and your request is 28.5 and 29 on general funds for operating, and I just reflect back on twenty twenty nine twenty, we actually spent on operating \$25,803,000. So there's about a \$3 million dollar gap between what you're requesting. And of course then I go to your-- revenue administration makes up most of that I presume, or it looks that way to me. There's about a \$2 million, \$2.2 million gap between

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

Does not include written testimony submitted prior to the public hearing per our COVID-19 response protocol

what we have appropriated, what you actually have used, '19-20 compared to '20-21. So there's a considerable gap, a gap of about 10 percent, actually. Do you want to explain why we have that gap and is there more appropriations that we're providing of general funds than is necessary?

TONY FULTON: Yeah, it's a good question. The-- so I don't know for sure how LB1107 fits into this, but we had a pretty good chunk that was required for LB1107. I think that occurred in the previous fiscal year. And that was part of, you know, we're, we're in the process of doing this right now. But we had to hire some positions to administer LB1107. So the basis would have included that amount, which I see it's broken out in your operations item. So that, that would be a lot of it. I will say that in the past what the department has done, there has been-- I think it's probably safe to say there is need for what's called an integrated tax system, basically it's a really nice piece of software to help us in tax administration. And it's a pretty good chunk of change to get that, it's like \$40 million or something like that. It's a lot of money. And what we decided is that we're just going to get through it, we'll utilize data analytics, which I've talked to you-- glad to talk to you more about, data analytics within department to be able to become more efficient in what we do, allow us to get more revenue into the state without necessarily hiring more bodies. That still has to be paid for. Those things have to be paid for. And so what the department had done prior to my getting there was to try to skimp down on expenditures such, such that they can make purchases over time. And since I've been there and as part of the Ricketts' administration, we've tried to squeeze down on that so that the expenditure more closely-- or the hirings more closely match with the amount that we are budgeted, appropriated for. That being said, we've skimped, skimped isn't the right word. We have been prudent in our hiring such that we've been able to stay under our budget. Part of that-- those savings is targeted for these types of purchases. So software purchases, data analytics. So there's a little bit of this to answer your question found in that 11-- LB1107 appropriation. But then there's also just the fact that we've been prudent in our budget to make room for some other expenditures that we think we should be making.

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

Does not include written testimony submitted prior to the public hearing per our COVID-19 response protocol

STINNER: OK, I'm probably going to have my fiscal analysts do a deeper dive into this so we can reconcile what the difference is. I just-- I don't mind having a-- do you have vacancies right now or--

TONY FULTON: Oh, yeah, we've actually got the vacancies down. Usually it's around 10 percent just with turnover, people retiring, etcetera, etcetera. Our last report, I think we were just about 5 percent, a little more than 5 percent. So we've improved markedly there. But we, we always have vacancies, about 300-- I think, it's 370, maybe a little bit less souls within the department. And yeah, so at any time there's about-- used to be 10 percent, now it's about 5 percent for vacant. So 18, 18, 19 vacancies.

STINNER: OK.

TONY FULTON: I will say if you know people who are accountants and auditors, I have been floored. I've been there now for five years. Those are-- we have a hard time getting those folks. And I know a lot of young people, they got kids in college and we're reaching out to the colleges. We've made great efforts to get people in the door. But that is a challenge and that comprises much of that 5 percent that we have a hard time filling.

STINNER: OK. Program 108, Homestead Exemption, actual was \$88.7 million. We went with an appropriation of 101, then 104. That gap is about 15 percent or \$13 million.

TONY FULTON: What's the 88, that's from last fiscal year?

STINNER: Eighty eight is '19-20 fiscal year ended '20.

TONY FULTON: OK.

STINNER: So there's a 15 percent gap. Surely, it hasn't gone up that much and then you're also requesting another 7.3 million dollar add to that. Is there any way we can get some kind of validation of the numbers that your guy is putting together so we can take a look at it from an historical percep-- perception? I don't see valuations going up all that much, not 15 percent, but I agree with that it's gone up some, not--

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

Does not include written testimony submitted prior to the public hearing per our COVID-19 response protocol

TONY FULTON: I can tell you-- well-- so the answer to your question is yes. We'll get you a little bit more analysis on this. I can tell you, I just, you know, I gripe about these things like you all do. My valuation went up 19 percent this year.

STINNER: Well, you live in a higher rent district than I do.

TONY FULTON: I wouldn't say that. But we-- there's-- we do have analysis on this, so we'll get it together and we'll get it over to you.

STINNER: I, I would appreciate that. We just-- I just need to get a better feel for what's happening within this so that I can make a better,--

TONY FULTON: Yeah.

STINNER: --a better estimate as to what the appropriations amount should be.

TONY FULTON: Yep.

STINNER: Senator Erdman.

ERDMAN: Thank you, Senator Stinner. Maybe one more question, follow-up on that Homestead Exemption. There is a limit that one can have on their home before they become ineligible. Is that correct?

TONY FULTON: Say it again.

ERDMAN: Is there, is there a limit? Is there a maximum amount your home can be worth and not be eligible for Homestead Exemption?

TONY FULTON: Yes, there is and I-- but I don't know what that-- well, let me take that back. I think it's income. So income is one of--

ERDMAN: It's income? It's not the value of your home?

TONY FULTON: I don't think it's the value, it's income. I'm positive it's income. I'm not positive about valuation.

ERDMAN: OK.

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

Does not include written testimony submitted prior to the public hearing per our COVID-19 response protocol

TONY FULTON: I'll find out, get back to you. But I'm positive about income. I don't know that home valuation is one of the criteria.

ERDMAN: I, I thought it was both.

TONY FULTON: Yeah, I'm not positive.

ERDMAN: All right.

TONY FULTON: I'll find out and get back to you.

ERDMAN: Because my, my concern is if they keep raising the values, [INAUDIBLE] going to throw a bunch of people out of the program.

TONY FULTON: It's possible if, if home valuation.

ERDMAN: Yeah.

TONY FULTON: So we'll get you an answer to that.

ERDMAN: All right. Thank you.

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

TONY FULTON: OK. Thank you.

STINNER: Any proponents? Seeing none, any opponents? Seeing none, anyone in the neutral capacity?

DAVID GEIER: I don't have a neutral. Chairman, I'm on the Gamblers Assistance Program for-- we tag along with Agency 16, but we have a separate budget.

STINNER: OK. All right, anybody-- seeing none, that concludes our hearing on Agency 16.

McDONNELL: He wants to testify--

HILKEMANN: Wanted to talk to you.

McDONNELL: --on his position.

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

Does not include written testimony submitted prior to the public hearing per our COVID-19 response protocol

STINNER: I thought you were not going to testify on revenue or are you? Oh, OK, go ahead.

DAVID GEIER: I'm not testifying on revenue,--

STINNER: I see.

DAVID GEIER: --Mr. Chairman.

STINNER: I stand corrected. And you're in the neutral capacity?

DAVID GEIER: No, no, Mr. Chairman, this is the Gamblers Assistance Program.

STINNER: Aah, you are-- OK. You are part of the-- yes.

DAVID GEIER: Well, sort of. We hitchhike along with the Department of Revenue, but we do have a separate budget.

STINNER: Yes.

DAVID GEIER: So I'm not really testifying about Mr. Fulton's budget.

STINNER: I am now putting that into my note so that I can accurately describe what is happening.

DAVID GEIER: Thank you. Good afternoon, Chairman Stinner, members of the Appropriations Committee. My name is David, D-a-v-i-d, Geier, G-e-i-e-r. I'm director of the Nebraska Gamblers Assistance Program. And again, for state accounting purposes and for budget purposes, this is Program 164 of Agency 16. But we do have our own separate budget. Thank you for allowing me to speak for a few moments today about our program. Our budget request for the coming biennium is basically stay the course, continuing on, same as the budgets have been over the past three cycles. Our program continues to provide counseling to Nebraskans and their families who are dealing with problems resulting from gambling. We serve an average of about 500 individuals per year in the combination of long-term counseling for individuals and family members and a short-term service that responds immediately to urgent needs. We also continue our efforts to expand our services. Communities such as South Sioux City, Columbus, Grand Island and Hastings, all of which could well be in line for having casino

Does not include written testimony submitted prior to the public hearing per our COVID-19 response protocol

operations in the near future, do not now have resident counselors specializing in treatment of gambling addiction. Treating addiction to gambling is not a regular feature of postsecondary training of behavioral health counselors. Therefore, recruiting and training counselors to work in the field of addiction to gambling are important initiatives in our program. Later this afternoon, the committee will hear from other witnesses about the prospects for casino gambling in Nebraska and the revenue that is expected to come from the casinos. That's in the future. I want to focus for a moment now on the mini casino gambling going on in Nebraska right now. This involves gambling on video game terminals that are called cash devices in Nebraska law. The handout you have shows the growth of this form of gambling. Red dots on these maps signify the communities where they are located. The first page is from March of 2018, the second page from last month. A number of these game consoles more than doubled in three years. The third page of your handout shows the impact among people seeking help in our program from the proliferation of this form of gambling. For many years, slot machine gambling was the main driver of gambling addiction problems among the people coming to our program for help. By the second half of 2020 last year, play on these cash devices took over first place. Our program is facing the consequences of the growth of this form of electric-- electronic gambling, plus sports betting accessible on every cell phone right now. Expanded gambling in Nebraska is not waiting for casinos to be built. It's happening today. Last Friday, I offered written testimony on the cash funds transfer bill, LB384. As I said last Friday, this is the first year that a transfer of funds from the charitable gaming tax to the Gamblers Assistance Fund is before this committee. Until now, this has been a statutory appropriation. We understand that appropriators don't like the idea of statutory appropriations because it confines discretion. So now the appropriation is in this committee's hand and the commission-- the, the discretion of the committee and the Legislature. I want to emphasize the fact that we need the revenue from these cash funds now in order to do what we are obligated to do. The commission thanks this committee and the Legislature for your help rationalizing our budget and our revenue sources. And we will hope to continue providing service in Nebraska. Do you have any questions?

STINNER: Questions? Senator Hilkemann.

Does not include written testimony submitted prior to the public hearing per our COVID-19 response protocol

HILKEMANN: Yeah, thank you for coming. We've had conversation about these in the past. Would you inform the committee a little bit about these cash devices and how much revenue is being-- maybe being channeled through this? How will this be addressed as we deal with casino gambling?

DAVID GEIER: First of all, the state doesn't collect any revenue from these devices except for the registration fee that goes along with the, the installation of the device. Excuse me. Senator Briese has a bill in Revenue-- excuse me, that will tax these devices. I haven't seen a fiscal note on that bill yet, so I don't know what the projected revenue could be. One of the fiscal notes in a bill before General Affairs a week ago projected that these devices might produce 100,000-- 1,000-- \$100 a day per device statewide. So if you figure 3,000 devices, 300 days a year, \$100 per day, you're looking at a substantial amount of revenue going through these devices on a-- on an annual basis. But nobody knows for sure what it really is because there's no reporting of it now. When casinos open up, the environment changes for gambling. Back in the 90s, whenever it was that Iowa opened riverboat casinos, Nebraska keno took a big drop suddenly all at once. And that's because gamblers are migrators. They will, they will go to the new places to gamble. So it's possible, it's very plausible that when casinos open up in Nebraska that some of these gaming devices, the revenue is going to drop, keno may drop. It's hard to say for sure. There's probably a limited amount of money that's available to be spent in the economy for gambling in general anyway. So you're going to spread it around, cut the pie into smaller slices. There's going to be some changes. All of that is just a prediction. I don't have a crystal ball, but I think that at least for now, today, there is a tremendous amount of gambling going on, on these 3,000 devices all over. There's about 1,000 of them in the Omaha area alone and several hundred of them here in Lincoln. You can look at that map and you can see where they are. People are losing a lot of money on these things.

HILKEMANN: Second question [INAUDIBLE], the-- on page 3, you show that 30-- 32 percent of the clients that are seeking counseling have addiction problem to these cash devices.

DAVID GEIER: Yes, yes. These people come to us believing that they've been gambling, first of all. Secondly, they are in serious trouble.

Does not include written testimony submitted prior to the public hearing per our COVID-19 response protocol

These-- the people who come to our program are really in major trouble. We have people with very high rates of attempted suicide, very high rates of thoughts of suicide, high personal debt to finance their gambling activity. It's, it's a real serious problem. And these devices are out there in Kwik Shops, cafes. I don't know where all of them are, but I've got a-- I have a spreadsheet of over 3,000 lines that gives the addresses where they're all located. It's all over the place. People are playing on them because, again, it's a chance to win some money. Make money for doing nothing. That's the lure of gambling.

HILKEMANN: You said that the, the only revenue the state gets from these is the registration fee when they're installed.

DAVID GEIER: Yes.

HILKEMANN: How much is that?

DAVID GEIER: I don't know the answer to that off the top of my head. I can look it up. There was a bill year before last, LB568, that adopted a scheme of regulation and that included changes in the fee structure for registering these games. Up until then, it was just a mechanical amusement device, \$25 a year. They raised it, but I don't know how much it is.

HILKEMANN: What is it about these particular machines that make them so addictive?

DAVID GEIER: They're just like a slot machine. Push a button, watch the images on the screen, fast play, easy access. But the electronic gaming device, like the casino slot machine, are the most addictive forms of gambling of all. And it has to do with the speed of it, is the ease of it. I can just sit down in a chair and push that button and take my chances on winning some money and people get going on it. Perhaps they start losing money. They think they're going to win it back. They double down on their bets. I don't know the whole pathology of the addiction to be able to explain it. I'm not a therapist. I'm a-- I'm the manager of an agency. But I, I just-- I, I see this as a phenomenon that just entraps a certain segment of the population for reasons we don't fully understand.

Does not include written testimony submitted prior to the public hearing per our COVID-19 response protocol

HILKEMANN: And as I understand, these devices they, they can use a credit card basically on it or debit card?

DAVID GEIER: No, cash only.

HILKEMANN: Cash only.

DAVID GEIER: They've got a cash acceptor slot, just like at the self-checkout at Walmart. Put the cash in. If you win, you get a register tape. You go to the counter, they give you currency. Cash in, cash out. No forms, no IRS reports, nothing. If you win some money playing the lottery, you're going to fill out an IRS form. With these things, they just give you \$20 bills. You go home.

HILKEMANN: OK.

STINNER: Thank you. Senator Erdman.

ERDMAN: Thank you, Senator Stinner. So I've never played these games because gambling is a tax I don't want to pay, but how much can you win playing these machines?

DAVID GEIER: You know, it started off with \$1,200, but then I've heard of it going up into thousands, many thousands of dollars. Now I hear anecdotes, so I don't know this personally, but I have heard of people winning an awful lot of money playing on these things. I've also heard that if the winnings get too high, that the proprietor gets frustrated and they don't want to pay out that much money. You told me about that a while back.

ERDMAN: Yeah, they unplug the machine.

DAVID GEIER: They unplug the machine.

ERDMAN: Yeah.

DAVID GEIER: They, they-- because it, it takes away their profit.

ERDMAN: So who's the oversight of those?

DAVID GEIER: Virtually, none right now. Again, I think the Department of Revenue is trying to get organized. They have an enforcement fund

Does not include written testimony submitted prior to the public hearing per our COVID-19 response protocol

now that they didn't have before. And so they've got people who are supposed to be checking up on them, but it's, it's an evolving process. The regulations that they had to adopt didn't become effective until just a couple of months ago. And they're in the process now of testing the machines to see if they comply with the law. But that is just beginning. It's taken quite a while to catch up with them.

ERDMAN: I see. Thank you.

STINNER: Additional questions? Seeing none, thank you.

DAVID GEIER: Thank you, Chair.

STINNER: Any proponents? Seeing none, any opponents? Seeing none, anyone in a neutral capacity? Seeing none, that concludes the Gamblers Assistance Program hearing. We'll now open up the Agency 36, Nebraska Racing Commission.

TOM SAGE: Good afternoon, Senator Stinner, members of the committee. My name is Tom Sage, T-o-m S-a-g-e. I'm the executive secretary of the Nebraska Racing Commission. Make this pretty short for you. I appreciate being here today. I agree with the committee's preliminary finding of the Racing Commission's appropriation. As some of you know, have been on this committee before, when I come before you, I'm pretty fiscally conservative and work with whatever you give me and have tried for many years to run on a very thin margin. And I believe we've done very well. I got to say, 2020 was an interesting year. We all know the pandemic and everything else has affected us greatly. Fortunately, it's somewhat helped racing in Nebraska, believe it or not. Fonner Park was a shining example. With what was wagered, they were able to keep running and really they were one of two tracks open throughout the country. So our wagering at Fonner Park was increased to help the Racing Commission's budget. Unfortunately, our other tracks in the state could only run one day and that was toward the fall because of the pandemic. So, of course, the Racing Commission didn't have as much expenses with personnel. We're-- we're doing well in our cash fund. I'm very comfortable with the preliminary appropriation. And as we all know, there's bigger things on the horizon. And I see the Racing Commission budget maybe declining some with shared services with the other agency we'll speak about later in

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

Does not include written testimony submitted prior to the public hearing per our COVID-19 response protocol

today's hearing. But anyway, I'd like to thank the committee, thank our fiscal analyst, not only in the legislative office, but the Governor's office for assisting with the appropriations this year. And I'm here to answer any questions, if you would like.

STINNER: Questions? Fund balance is positive by how much?

TOM SAGE: I think we're right around \$100,000 right now, Senator, which is-- is a heck of a lot better than it's been when we've been before you. I'm very confident of the next biennium.

STINNER: You said-- you say that's due to increase in racing, or did you actually cut down on expenditures?

TOM SAGE: Both. When we didn't-- we had to shave some racing days. So, for instance, instead of running 16 days of racing at Columbus where we would have had our personnel staying in Columbus, running, you know, being there for the 30 days, we only ran one day in Columbus this year. So, of course, that cut down on-- on some of our expenses. But again, Fonner Park being able to run, that increased our-- our percentage of the parimutuel handle takeout. So, again, we've done-- done pretty well with that. I would say that the unknown factors out there, there is a lot of talk, as we know, that racing could-- could explode. You know, we could be looking at 150 days of racing in the state. I don't know when that would happen, but I want the-- our biennium right now to be the same. If all of a sudden we jump to one hundred and, you know, fifty days or whatever, I would see I would have to come back for a deficit request; but I sure wouldn't see that until, you know, '22 probably. So I know this isn't the appropriate time. I'll talk a little bit more in a couple of hearings, but the-- I have a number of the answers for you on the questions from the gentleman earlier, if we'd like to get into that at some time later.

STINNER: Very good. Any additional questions? Senator Dorn.

DORN: Thank you, Chairman Stinner. Thank you for being here. Just a minute here.

TOM SAGE: You bet.

DORN: Now that it's passed and maybe later in one of the other hearings you're going to talk about it, what are your plans going

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

Does not include written testimony submitted prior to the public hearing per our COVID-19 response protocol

forward? You talked a little bit about maybe 150 days of racing. Are you planning for the future or is it too early?

TOM SAGE: Senator, right now, as far as the Racing Commission is concerned, I believe it's too early to plan that. The unknown factors are, and we'll talk about it later in the afternoon, we don't know for sure when the devices would be put into the racetrack, the gaming devices, how soon, how many. They're going to have to, the racetracks and the horsemen are going to have to get some money generated from them to increase live racing days. So it's going to be kind of a progression down the road. Do I envision at some time coming back to you? It's a very good possibility, but not in the immediate future.

DORN: Thank you.

STINNER: I just have one more question. There was concern at one time expressed by a committee person about inspecting horses, maintaining the honesty and integrity of the racing and the-- the number of inspections were being cut back in order to save cost. Is that a cost-cutting measure or did you do the inspections like you normally would do?

TOM SAGE: Senator, it's hard for me to understand what you mean by inspections. There are several different-- different avenues. For instance, in statute, the breeders, that's an inspection. That's something done by the breeders themselves. That's not done by the Racing Commission. Now--

STINNER: This-- this more or less had to do with doping of the horse.

TOM SAGE: Sure. So-- so have we cut back some drug testing? We have. I plan on instituting back the full blood and urine testing this year. I think we have the cash appropriations to do that. I would say even though we had cut back some testing last year, and some of that was logistic with us also being able to get personnel that wanted to work at Fonner Park during the pandemic, we only took blood from horses instead of blood and urine. Depends on what expert you want to talk to is whether blood is better or all, both are better. I don't know. Blood catches as much as urine catches as far as I'm concerned. We did have several positive tests last year, so it wasn't like we were totally not doing anything as far as the testing and the inspections.

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

Does not include written testimony submitted prior to the public hearing per our COVID-19 response protocol

We did have two part-time investigators. We will have the same this year. I've actually authorized one to work more hours than-- than he has before since we do have that extra cash fund. Again, we're doing what we can do with-- with the string, the hamstrings we had. I look for better things to come in the near future.

STINNER: OK. Thank you. Additional questions? Seeing none, thank you very much.

TOM SAGE: Thank you.

STINNER: Good afternoon.

LYNNE McNALLY: Good afternoon, Chairman Stinner, members of the committee. Lynne McNally, L-y-n-n-e M-c-N-a-l-l-y, here representing the Nebraska Horsemen today, here to testify in support of the budget for the Racing Commission. I know things are in a state of flux right now, but they're definitely going to need every penny that they've got to start testing and enforcing these races. As we go to more days in the future, they're definitely going to need increased security investigators, things like that. As one of the drafters of the three initiatives, I will tell you that I wish I had drafted it differently and merged those two agencies in the first place. So if LB561 across the hall passes out of committee, I think that that would result in a lot of cost savings. As a former staffer, I'm ashamed that we drafted it that way. I think we could have merged those in the first place and saved some money. So hopefully the General Affairs Committee will make that correction and we can move forward from there. But I'm happy to answer any questions about their budget or about racing going forward, either one.

STINNER: Questions? Seeing none, thank you.

LYNNE McNALLY: OK. Thanks.

STINNER: Any additional proponents? Seeing none, any opponents? Seeing none any anyone in the neutral capacity? Seeing none, that concludes our hearing on Agency 36, Nebraska Racing Commission. We will now open on Agency 93, Tax Equalization and Review Commission. Afternoon.

ROB HOTZ: Good afternoon, Chairman Stinner. Members of the Appropriations Committee, my name is Rob Hotz, R-o-b H-o-t-z. I am the

Does not include written testimony submitted prior to the public hearing per our COVID-19 response protocol

chairman of the Tax Equalization and Review Commission, and have submitted a letter for each of you and just a couple of additional documents that I wanted to highlight, if I could. I'll be quick. First, I want to thank Senator Stinner for last session and the session before for our efforts in getting the legislation that's been helpful to the commission, LB4 last year, where I think removing the-- the regressive tax, if you would, on our filing fees has been a good thing for what is going on with appeals being filed with the commission. I'd also like to inform the commission that COVID-19, I'm sure, has affected every agency in a little bit different way. Our agency, we live and breathe on being able to have taxpayers come in and have hearings face to face, sitting down at a table or in a hearing room, COVID-19 and the directed health measures and the other measures that were issued by mayors and city councils throughout the state really inhibited our ability to do that to a significant degree during tax year '20 or during the calendar year 2020. Probably a total of about four months, we were unable to conduct face-to-face proceedings. We did accomplish statewide equalization using Zoom and we did accomplish a rule and regulation hearing for our own agency sometime recently, again, making an event available through telephone and through Zoom. We were able to do a lot of hearings, jurisdictional hearings by telephone, which we have always done, and had an unusually high number this year and complexity as well and were able to accomplish that. But COVID did present some setbacks to our ability to move the ball forward the way that we would have liked. We did have our staff on a ready-to-work status for about 12 weeks, and I'm thankful for the administration for making that available. We had a number of people who were able to work from home; but many of the functions we do, physically mailing orders, physically dealing with people who come into the office, was-- was truly inhibited. The other thing I wanted to highlight to the commission or excuse me, to the the approp-- Appropriations Committee would be that by my calculations, the CPI using a CPI inflation calculator from 2011 to 2020, the same time period when we began to have the authority to do what's called single commissioner hearings, much less formal, much more informal, dealing with taxpayers and county officials typically sitting around a table, not in what it feels like in a courtroom, if you would. During that same time period from 2011 to 2020, the CPI inflation calculator that I use showed a 14.69 percent increase. If you look at the three handouts that I've provided that come from the-- I'm sorry, you have

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

Does not include written testimony submitted prior to the public hearing per our COVID-19 response protocol

the title page, but I left the title page off of mine-- the annual budgetary report on the first page showing schedule of expenditures by agency all funds, I've highlighted for you that our budget in 2011, excuse me, our expenditures in 2011 were \$854,000. This last year in 2020 our expenditures were \$803,000. The same time that the CPI inflation calculator would show a 14-plus percent increase, we were at a 6 percent decrease over that decade. The-- the next page I've provided for you is a schedule of total personal service expenditures. Again, our PSL, our [INAUDIBLE] was \$745,000 back in 2011. Our expenditures in 2020 were \$701,000, a decrease of 9 percent a decade later. And then finally, I would highlight our operating expenditures. In 2011, operating expenditures for our agency at \$98,000; in 2020, \$91,000, again, a 6 percent decrease at a time when CPI calculator would tell you that we would have had, due to inflation, a 14 percent increase. We've operated on a pretty tight highway, I think to a fault I have to admit. I think we've been too tight actually. This last year we spent 85 percent of our budget. And if I had any regrets and I hate to say this, but I wish I would have allocated and had the foresight to allocate a little bit more to the legal component of what we do. We had cut back about two years ago from having two lawyers assist us to having only one. The legal counsel we have is very competent and was desiring to see if we could make it work with one lawyer. We have two lawyers among the commissioners and one appraiser. We scheduled aggressively and then we had a hard time keeping up and getting the orders written. And there's just a lot of legal review in that process. I have just hired a paralegal and I'm in the process of interviewing and we'll interview and hire another paralegal. We will stay within our PSL and we will stay within our budget. And so we're agreeable to the preliminary budget and we will maintain. We won't be at 85 percent this year I don't think. We'll be a little bit higher than using up that budget. And that's not even counting the carryover. We won't come anywhere near using that. So I appreciate this committee's providing us with the resources that we need to do what needs to be done. There are a lot of opinions about TERC. When I started 13 years ago, the Chair of the Revenue Committee said, you know, next to HHS, I get the most complaints about TERC and we just don't hear that anymore. And we're very happy to know that. I hope that's not the case for each of you, that your constituents, they'll complain about property taxes, of course. But Senator Erdman and I have had conversation just this afternoon about this is about

Does not include written testimony submitted prior to the public hearing per our COVID-19 response protocol

valuation and getting it right, what we do. Property taxes is over there with a levy and all those spending authorities that have that levy authority. We understand that it's a simple multiplication process of multiplying that levy towards the value. But we want to get the value right and that's just fair to everybody. Nobody comes in and asks us for a break to not get the value right. They just want to get it right. They want to pay their fair share. And so we're doing the best we can to do that. If you have any questions, I'd be happy to try to answer them.

STINNER: Any questions? Senator Dorn.

DORN: Thank you, Chairman Stinner. Thank you for being here today. What is your approximate wait time and how long does it take once somebody requests a hearing to get heard?

ROB HOTZ: Yes, thank you. Every year and before both Revenue and Appropriations Committee, it seems appropriate, especially with turnover on committees, to-- to review that very question. The effective date for each tax year is January 1, but the taxpayer doesn't see a notice until June 1. So six months has already gone from that tax year. Then if there's a protest, it's done during June and a hearing on that protest would occur in June or July. In 91 or so of the counties, an appeal needs to be filed by August 24 with our commission. And in the two biggest counties or three, the appeal would need to be filed by September 10. So already eight or nine months has gone water under the bridge. We haven't even seen it yet. I guess the way I put it to Senator Erdman today is we didn't even get in the game. They didn't put us in yet until August, September, etcetera. We have jurisdictional issues that are often very complex that we need to do a phone hearing to resolve a jurisdictional question. Do we even have jurisdiction to hear the appeal? And then notice to the parties and taking care of having time to exchange for discovery, if there is any, and exchanging exhibits and preparing for the hearing, getting it on the hearing schedule and so on. In order to make all of that to work, underneath that we have the filing of the intake of the appeals that come in, not like in a district court or county court that can come in every month of the year. We get all 1,500 or 1,600 on average appeals in a one-month time frame. They all come in. It's a big stack proverbially, if you would, and we need to to data enter that information, get it into our database so that our database can talk to

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

Does not include written testimony submitted prior to the public hearing per our COVID-19 response protocol

our forms and it can populate our forms and we can be efficient in generating orders, notices, and so on. So the first hearings for 2021 won't occur until late 2021. That's the earliest we can do it. And then right now we have more orders than we would like, where the hearing has occurred and the order has not been written. And we're already trying to be proactive in dealing with that problem by having more legal staff, if you would, to help us and assist us in getting those orders out in a more timely basis. We've had more orders that are later than I would like them to be. I'm not proud of that. We're constantly trying to improve upon a moving target and somebody else just keeps changing the target on us, the number of appeals, the complexity of the appeals and so on, but we're going to keep plodding along.

DORN: Once-- once those come in, once an appeal comes in, what's the timeline or how soon will the last one be heard? A year?

ROB HOTZ: When-- that's a good point to make is that when you get 1,500 appeals, somebody is at the front of the line and somebody is at the last of the line. And the last one in the line, it might be a year and it might be longer. Right now it's longer because COVID also set us back by approximately four months, give and take. So what is often the case, a 2020 appeal has been filed with us, 2021 gets filed. We get it data entered. We realize we've got the same parcel, same property, let's consolidate that, do one hearing for both tax years at the same time. That does happen more often than we would like. But as a practical matter, it's just the local budgeting process, as many of you know better than I do, just doesn't budge much. Things-- certain things have to occur at certain times.

STINNER: Additional questions? Senator Erdman.

ERDMAN: Thank you, Senator Stinner. Thank you, Mr. Hotz, for being here. So as I look in this, in the report here, it shows you collected about 86, you're projecting to collect about \$86,000, \$87,000 in fees, in filing fees. So that equates to about 1,700 appeals?

ROB HOTZ: It used to be a lot easier to do the math on that because it was \$25 per filing fee. Now it's I got to go into the database to know.

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

Does not include written testimony submitted prior to the public hearing per our COVID-19 response protocol

ERDMAN: Well, if it was 50, it would be 1,700.

ROB HOTZ: What we have for 2021, we have about 1,600 appeals.

ERDMAN: 1,600. OK. So 1,600 and there are 3 commissioners?

ROB HOTZ: Yes.

ERDMAN: So how many days do you work? You got like 261 and then 12 holidays. So about 249, 250 days?

ROB HOTZ: Approximately 250 calendar days that we can schedule a hearing or we can be-- we're full time or we can be writing orders.

ERDMAN: OK.

ROB HOTZ: What we found this year and lately is that we scheduled more than we could write.

ERDMAN: Right.

ROB HOTZ: And that's a problem too. And that's-- it's a little bit of a guessing game.

ERDMAN: So if you do the math and I haven't done it on 1,600, but it's about six hearings a day to get it all done in about 249, 250 days?

ROB HOTZ: I haven't done that math either.

ERDMAN: So--

ROB HOTZ: It depends on whether they're single commissioner hearings or panel.

ERDMAN: Right.

ROB HOTZ: Panels require two commissioners and singles--

ERDMAN: Correct.

ROB HOTZ: --just one.

Does not include written testimony submitted prior to the public hearing per our COVID-19 response protocol

ERDMAN: But as a whole, you'd have to do six a day to be done in one year.

ROB HOTZ: I'll trust your math on that.

ERDMAN: OK.

ROB HOTZ: I can't-- I can't figure that fast.

ERDMAN: OK. Let's say-- let's say I'm right. All right. So that means those six hearings had to happen plus you had to write the report. And so you talked about hiring a paralegal. Can that person write up the review or does that have to be written up by the commissioner?

ROB HOTZ: The commissioners substantively write the orders, but legal staff can assist us in a number of ways, setting it up, getting it from the form to the-- an actual draft order, often doing a draft order. Legal counsel can help us with that. I often request that kind of help.

ERDMAN: OK.

ROB HOTZ: And then a review process, any of the commissioners who have been involved in that order. We-- in the past, we've had a lot of dissents, dissenting opinions then, too. And that really becomes complicated. In the last two or three years, we've had very, very few of those kinds of situations so.

ERDMAN: OK. So placing hiring this new paralegal will shorten up some of the time that you have to write the report. How much-- how much efficiency will this person bring to you guys?

ROB HOTZ: I don't want to say your guess is as good as mine, but it's-- that's probably true to say it. We're hoping that having more legal minds and abilities around will assist in speeding up that process. But you can just imagine if you do six hearings in one day, when are you going to write those?

ERDMAN: Right.

ROB HOTZ: We try to find a balance and some lately we've been too aggressive in scheduling. The problem is, as I call it, burning your

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

Does not include written testimony submitted prior to the public hearing per our COVID-19 response protocol

calendar. If you don't schedule it, you just have-- you have a spot. I always like those spots because then I can write. When somebody doesn't come or they do a dismissal or there's a confession of settlement, I actually like that because then I have time to write. But otherwise it's you're hard pressed to find time to write.

ERDMAN: So would it behoove the Legislature to give you more, more commissioners?

ROB HOTZ: Well, you're-- you're pointing at LB613 and which you've introduced, I understand. That's a policy judgment that in the past, any General Fund [INAUDIBLE] increase in expenditure of the commission has been pretty well frowned upon. Are we keeping up? I'm going to say generally, yes, and anecdotally, you're going to always have somebody who says we're not. You're going to have somebody that said, hey, why'd that takes so long? There are some of those. And we're-- we're doing what we can to not have as many of those.

ERDMAN: Well, I appreciate the way you've handled your budget. Thank you.

ROB HOTZ: Thank you.

STINNER: Additional questions? Of the 1,500 applications you have, how many people actually show up for trial? I mean, there's lots of cases that they've been settled. So out of the 1,500, how many cases do you actually have?

ROB HOTZ: Those are pretty rough numbers. And they differ very, you know, there's just a variety of circumstances from county to county and year to year. But I'm going to estimate that of the 1,500 on average, about half we end up not having hearings.

STINNER: OK.

ROB HOTZ: And about half of those that we have hearings, the taxpayer will prevail to some degree and get a reversal. And the other half, very rough numbers, we would affirm with the county board's decision was.

STINNER: OK. Thank you. Additional questions? Seeing none, thank you very much.

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

Does not include written testimony submitted prior to the public hearing per our COVID-19 response protocol

ROB HOTZ: Thank you very much.

STINNER: Any additional proponents? Any opponents? Anyone in the neutral capacity? Seeing none, that concludes our hearing on Agency 93. We will now open on Agency XX, Nebraska Gambling Commission. There hasn't been a number assigned yet, sorry.

TOM SAGE: Good afternoon again. My name is Tom Sage, that's T-o-m S-a-g-e. I'm the executive secretary of the Nebraska Racing Commission and I've been put in charge to create the Gaming Commission. This is a unique situation, as you don't really have a proposed budget before you or appropriations right now. That is what the pages have that's hand-- going to be handed out. I can tell you it's an honor and privilege to be in front of you presenting this budget or having the opportunity to present this budget appropriations request to you, as I believe it's the first time we've had a Gaming Commission come in front of the-- the Legislature, let alone your committee here. So with that being said, let me start off by saying through the Fiscal Office, the Legislative Fiscal Office, they don't believe right now as the initiative was written and as in statutes, Chapter 9, that the Gaming Commission is a cash funded agency. There's some disagreement. But from my understanding from the General Affairs Committee, there will be some corrections and some legislation that they may be bringing out of committee. So with that being said, I'm going to move forward with everything as a cash funded agency, if that's appropriate to you, Chairman. Very good. So these numbers seem, in my opinion, crazy, but they really aren't as-- as it's also written in Chapter 9, it's 1206, I believe it appears the Gaming Commission will also collect the gaming tax and distribute it as a pass through, similar to the Racing Commission does right now with their small track fund. So with that being said, the appropriations request that we're asking for, for 2021-2022 would be \$10,949,174. Now, with that number, \$7.3 million would be an estimation of the gaming tax. Where I'm getting that gaming tax number is a very conservative approach of numbers that I've received from the racetracks and some of their partners that will be conducting their gaming licenses. For what they gave me, then I reduced from there to get that number. As far as the revenues for '21-22 would be \$13,000, excuse me, \$13,972,845. Again, 7.3 of that is going to be the gaming tax collected. Our receipts would be \$6.5 million. Now that seems like quite a bit. But remember, we have six racetracks right now that will become gaming operations. The gaming

Does not include written testimony submitted prior to the public hearing per our COVID-19 response protocol

operator's license is \$1 million. That's where that large amount comes from. The remaining would be additional licenses that would be issued, occupational licenses, etcetera, background fees, fingerprint fees. Anyway, that's where that comes from. Again, the Gaming Commission intent is to be 100 percent funded by the industry and that is written in statute to allow that. In my explanation, I go into much more details. I don't want to take up all your time today. But-- but that is listed within the details. As far as '22-23, again, I'm showing a gaming tax collected of \$49 million. A total request for our agency for the Gaming Commission would be \$53,499,827, with revenues projected at \$4.441 million. And that would be again from licensing. That would be an assessment fee on the gaming operators. Not only would there be an assessment fee, but there would also be a fee on each gaming device that's installed. Again, those numbers are somewhat fluent because we do not know as soon as they or how soon the operations are going to be in place. Again, it was a very conservative approach. As we can see, the '22-23, our expenditures are greater than our revenues by a little less than a million dollars. But remember that initial million dollar licensing fee. The intent of the petition writers from my conversation was a million dollar license because they wanted that to fund the Gaming Commission for several years and to really get us started. As you can see, we're going to be starting this agency from scratch. That means the desks, the chair, the pen, the paper that's accounted for you in my expenditures. Some of those are real numbers from CIO, from procuring other state entities. That's where those numbers are coming from. Personnel, obviously with any agency, personnel is going to be a cost. I think I learned pretty much last Monday at General Affairs that we want this industry regulated the hardest, the strongest we can. And as I told the General Affairs Committee, my goal was to have some of the toughest regulations in the country. I think our citizens demand it. I know my commission is going to demand it. And you, as the lawmakers, I think are going to demand tough regulations. As far as the personnel, quite a few of those positions are classified positions within Nebraska government. That's where I've got my figures on salaries, etcetera. There are several positions that are not created. We'll have to do a PDQ. I have set up a meeting with personnel to start that PDQ and that classification process. So I could see the-- the personnel numbers again being fluent, but where I've got the employees was basing off of New Mexico, Iowa, Massachusetts, Oklahoma, racing and gaming commissions. It's

Does not include written testimony submitted prior to the public hearing per our COVID-19 response protocol

kind of they're very similar to their layout. If you want me to explain more about the personnel and the positions, I sure can. And as you can see, the-- the gaming tax where those estimations come from would be 20 percent of the gross revenue. What I'm being told by gaming operators, if everything is going right and the commission's able to receive applications by July 1, we more than likely could see some type of devices installed by the end of the year. That's not a sure thing, but that's a possibility. The one thing that bothers me, Senators, and I have a hard time asking this, but I'm going to and again, it's in my narrative. If all goes well and you go ahead and proceed with my appropriations request that I'm putting in, let's say, July 1 the commission is not fully in operation and is not ready to receive a \$1 million license, where's the revenue to keep running the agency? So with that being said, I did not write it in the actual numbers of the requests that I sent you. It's more in the narrative for food for thought is I'm asking for \$250,000 of General Fund money, which I even hate to bring that word up. But I also would like to find some mechanism if that was approved, that on or before June 30 of 2022, we reimburse all 100 percent of that money to the General Fund. I believe it can be done. I know it can be done. I don't know what the procedure is with the committee to do that, but I'm confident that that would be no problem. So with that being said, that's a real brief synopsis of where we're at. It seems overwhelming, but that's what we have to do to make sure that this is regulated as strong as it can be.

STINNER: Very good. Questions? Senator Wishart.

WISHART: Well, thank you for being here. And this is the first time I've ever witnessed sort of the creation of a new agency, an industry. Can you walk me through what the, and maybe this happened before. I wasn't here. I apologize. I wasn't here earlier. Can you walk me through the dynamic between the Nebraska Gaming Commission and the Racing Commission?

TOM SAGE: Yes, Senator, I could. First of all, the five racing commissioners, as they sit right now through the initiative announced and statutes in Chapter 9 become members of the Gaming Commission with two additional members appointed by the Governor. Those two additional members, one must come from the majority owners and trainers of horses in Nebraska, and one has to come with gaming experience. Those positions have not been appointed. I do know the Governor has those

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

Does not include written testimony submitted prior to the public hearing per our COVID-19 response protocol

positions posted on his website, and I believe there's been applications that have been sent in to the Governor's office. What I could see is if LB561 comes out of the General Affairs Committee and is passed by the body, I really can see the Racing and Gaming Commission will be gelled into one. Our budgets will be gelled into one. Investigator positions for one that was discussed a little bit during the Racing Commission's budget, those individuals would be cross-trained. Not only will they be working racing, but they'll be working gaming. Obviously, some of the licensing for-- for one thing is Racing Commission right now is on a shoestring budget for our licensing. We do, you know, very little. The person in our licensing office also works in our test barn, which is kind of strange. Speaking with the experts in gaming, you almost have to have a site, a licensing site on location of the casinos, five days a week, you know, eight hours a day because of the turnover is so great in the racing industry or, excuse me, the gaming industry. And you can't have a employee working that is not licensed in the gaming industry. But the dynamic would be those licensing offices would be combined. There's no reason having a Racing Commission gaming off-- or licensing office and a Gaming Commission licensing office. There will be shared services as far as, you know, HR, payables, receivables, the accounting stuff, the overall management. I hope that was a long to your question.

WISHART: Yes, that was very helpful. And from my perspective, I think that makes sense to combine just for administrative overhead and efficiencies. And I think I know the answer to this, but I would be remiss if I didn't ask. You know, so what I'm hearing is you're asking for basically a loan in case things don't get started the way that you anticipate.

TOM SAGE: Right.

WISHART: Are there any cash funds available through the Racing Commission that can help to reduce the General Fund obligation?

TOM SAGE: Senator, I believe there would be.

WISHART: OK.

TOM SAGE: I mean, I think it would take a very-- I'll tell you, I don't have the expertise. That's why when we come up here in a little

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

Does not include written testimony submitted prior to the public hearing per our COVID-19 response protocol

bit in the afternoon, I'll explain why that-- Senator Briese has introduced a bill that would assist that. Part of that is, is I need a budget analyst. I need somebody to do exactly what you're saying to figure out how to put these funds where they need to be and see if we can-- I'm not that person. So I-- I agree with what you're saying.

WISHART: OK.

STINNER: Senator Dorn.

DORN: Thank you, Chairman Stinner. Thank you for being here again and maybe I hope I'm not asking a question ahead of time again. Some of the-- we look through here and some of the licensing fees and so on. I believe you said maybe, if I heard you right, that some of these are projections or how did you come up with some of these numbers?

TOM SAGE: Senator, the licensing fees, OK, the only known number we know right now is the \$1 million gaming operator's license. The other licensing fees that you see in the schedule, those are averages that I've put together from other states. Those are very common in the gaming industry. It's not uncommon for a manufacturer or distributor to pay a year a hundred, or I'm, excuse me, \$10,000 for a license. So that's where those numbers came from. I would suspect when we're finally done writing rules and regulations, those will probably be the numbers.

DORN: Thank you.

STINNER: Questions? I have one. I have several of them. One of them is the 250 that you're requesting actually is a deficit request for startup funds so that you can start your procedures and all the rest of that. That's what was explained to me. Is that correct?

TOM SAGE: So, Senator--

STINNER: Is this 250 over. I'm sorry.

TOM SAGE: I'm sorry. I didn't mean to interrupt.

STINNER: Is the 250 that you're requesting in your presentation over and above the 250, the deficit request?

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

Does not include written testimony submitted prior to the public hearing per our COVID-19 response protocol

TOM SAGE: Yes. The-- the \$225,000 that is going to be in a-- a bill before you that Senator Briese introduced, that was money to allow me to start hiring a consultant, the budget person, a director of investigations that got to start doing the background checks on the people that submit licenses. Now, that was the deficit request until June 30. My concern, Chairman, was we get to July 1 and we don't have any applications submitted. Where is, you know, the money to keep operating? That-- that was where I'm getting at.

STINNER: I agree with that. The gaming side of this, now your intention is to combine the two agencies. My big problem is accountingwise, because dollars that come in on the gaming side have to go for property tax. Right?

TOM SAGE: Yes.

STINNER: Dollars that come in on the racing side don't go for property tax.

TOM SAGE: Correct.

STINNER: So one has to-- one-- one has to make sure that one doesn't subsidize the other.

TOM SAGE: Yes.

STINNER: So that becomes an accounting problem. And that-- that way I'm a little hesitant to say, hey, this is a great idea to combine the two agencies, realize some kind of efficiencies. You still have to-- you still have to contend with dollars that come in from that are attributed to gambling and the associated cost associated with that should be separate from the racing.

TOM SAGE: Chairman, I agree with you and I understand what your concern is. And that's where I really am putting the faith in getting a budget analysis. And then, as you will see in the organizational chart that's attached to your package, I'm going to have a whole accounting division for that simple reason. I agree with you. The parimutuel tax has a different tax system than the gaming side. You are going to have to have some funding mechanisms and some funds that just are not going to be able to be combined. I absolutely agree with you.

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

Does not include written testimony submitted prior to the public hearing per our COVID-19 response protocol

STINNER: Very good. Additional questions? Senator Erdman.

ERDMAN: Thank you, Senator Stinner. Thank you for being here. So if you would turn to this-- turn to this sheet right here. They're not numbered. The-- it's the one that says gaming tax revenue would be distributed [INAUDIBLE] and then at the bottom--

TOM SAGE: Yes.

ERDMAN: OK, explain-- explain that to me. To be distributed to who?

TOM SAGE: OK, that would be then broke down, Senator. If you flip back to this page right here--

ERDMAN: Right.

TOM SAGE: --that would explain it to you. As it's written down right now, 20 percent of the gross revenue goes to the gaming tax; 70 percent of that goes to property tax; 2.5 percent would go to the Gambling Assistance Fund; 2.5 would go to the General Fund. And then it's written 25 percent would go to the county in which the gaming operation was located, unless it was also located in the city. And then that would be 12.5 for each.

ERDMAN: You don't mean 25 percent, do you?

TOM SAGE: Twenty-five percent of the 20 percent.

ERDMAN: OK. OK. So then that-- that second year of '22-23, this forty-- this \$34,000-- \$34 million going to property tax relief.

TOM SAGE: Yes.

ERDMAN: So total collectively, \$245 million?

TOM SAGE: That is a conservative estimate that I took from the gaming operators and racetracks. That's what they estimated. I had no other numbers to go on. That-- that's their estimation to be fully running in, let's say, July of '22 and for-- for the year.

ERDMAN: OK, explain to me what is in gross revenue. How does that get to be 245?

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

Does not include written testimony submitted prior to the public hearing per our COVID-19 response protocol

TOM SAGE: From my understanding, Senator, the gross revenue is the money that goes in minus winnings, my understanding of gross revenue. Yes, it seems like a high number, but that's all I had to go by.

ERDMAN: It doesn't just seem like a high number. It is a high number.

TOM SAGE: It is a high number. I agree.

ERDMAN: It's \$250 million.

TOM SAGE: Correct.

ERDMAN: How many social costs you think we'll have to offset that?

TOM SAGE: How much what?

ERDMAN: Social costs? The issues we're going to have,

TOM SAGE: Senator, I couldn't answer that.

ERDMAN: Yeah. Thank you.

STINNER: Additional questions? Seeing none, thank you.

TOM SAGE: Thank you.

STINNER: Good afternoon.

LYNNE McNALLY: Good afternoon again, Chairman Stinner, members of the committee. Lynne McNally, representing the Nebraska Horsemen in support of the code agency yet to be numbered, the Gaming Commission. I am one of--

STINNER: Lynne, would you spell your name?

LYNNE McNALLY: Sorry, L-y-n-n-e M-c-N-a-l-l-y.

STINNER: Thank you.

LYNNE McNALLY: I am one of the people that Tom called when he was trying to put his numbers together. I will tell you right now that there are so many unknowns involved in this that I was taking my best guess. So the biggest thing is that until there is a Gaming Commission

Does not include written testimony submitted prior to the public hearing per our COVID-19 response protocol

with effective rules and regulations, there's no way for them to accept a gaming application. So until that happens, it's hard to say when any of that might happen. I will tell you that the day that they announced they are willing to accept an application, there-- you will have three applications on your desk, one for Omaha, one for Lincoln, and one for South Sioux City. So that along with three \$1 million checks will also be sitting on Tom's desk. So the day that that's available is the day that we will apply. We are ready, willing, and able to do that. After that, I am the de facto construction coordinator for the Lincoln and Omaha projects, and those things depend a lot on what happens in the Lincoln City Council and the Omaha City Council. I'm working through those issues right now. And I will tell you that I have a fairly aggressive construction schedule that some people maintain is in my head. But we'll see what happens. I-- I think that we're working through the issues right now. Those cities are dealing with a lot of the same issues that you are in that zoning regulations for casinos do not exist in either of those two cities. So they're helping me work through those issues so that we can get everything in place so that we do things exactly the way they want us to do them. I will also add that speaking only for Lincoln, Omaha, and South Sioux City, we agree with the Gaming Commission that we want to have the most stringent regulations in the country. I'm the former legal counsel for the Nebraska Lottery and they will tell you that people will only play your game if they fully believe in the integrity of it. So that's very important to us. And we think a larger than normal budget for security and investigations is extremely important. So I would only ask that you look upon those portions of Tom's budget kindly because we desperately need those things. I'd be happy to answer any questions.

STINNER: Questions? Seeing none, thank you.

LYNNE McNALLY: Let me off easy today.

STINNER: Pretty easy committee, huh?

LYNNE McNALLY: Thanks.

STINNER: Any proponents? Any opponents? Seeing none, anyone in the neutral capacity? Seeing none, that concludes Nebraska Gaming

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

Does not include written testimony submitted prior to the public hearing per our COVID-19 response protocol

Commission, Agency XX. 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 it 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

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

Does not include written testimony submitted prior to the public hearing per our COVID-19 response protocol

think we need to provide them with the ability to do so. So thank you 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

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

Does not include written testimony submitted prior to the public hearing per our COVID-19 response protocol

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 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

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

Does not include written testimony submitted prior to the public hearing per our COVID-19 response protocol

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 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

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

Does not include written testimony submitted prior to the public hearing per our COVID-19 response protocol

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 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

Does not include written testimony submitted prior to the public hearing per our COVID-19 response protocol

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; Nebraskan 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?

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-- 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

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

Does not include written testimony submitted prior to the public hearing per our COVID-19 response protocol

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 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

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

Does not include written testimony submitted prior to the public hearing per our COVID-19 response protocol

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 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 policy. 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

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

Does not include written testimony submitted prior to the public hearing per our COVID-19 response protocol

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.

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

Does not include written testimony submitted prior to the public hearing per our COVID-19 response protocol

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 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.

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

Does not include written testimony submitted prior to the public hearing per our COVID-19 response protocol

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.

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

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

Does not include written testimony submitted prior to the public hearing per our COVID-19 response protocol

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.

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.

Does not include written testimony submitted prior to the public hearing per our COVID-19 response protocol

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 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.

Does not include written testimony submitted prior to the public hearing per our COVID-19 response protocol

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 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

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

Does not include written testimony submitted prior to the public hearing per our COVID-19 response protocol

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 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.

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

Does not include written testimony submitted prior to the public hearing per our COVID-19 response protocol

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 dollars 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 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?

Does not include written testimony submitted prior to the public hearing per our COVID-19 response protocol

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.

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

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

Does not include written testimony submitted prior to the public hearing per our COVID-19 response protocol

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?

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 [INAUDIBLE]

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?

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

Does not include written testimony submitted prior to the public hearing per our COVID-19 response protocol

BRITTANY STUREK: [INAUDIBLE]

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.

MORFELD: Thanks, guys.

STINNER: OK.

_____ : Thank you.

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