

Transcript Prepared by Clerk of the Legislature Transcribers Office
Transportation and Telecommunications Committee February 2, 2021
Rough Draft

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FRIESEN: Everyone, welcome to this morning's hearing of the Transportation and Telecommunications Committee. I'm Curt Friesen from Henderson, Chairperson of the committee, I represent District 34. A few procedural items, if you'll please. For the safety of our committee members, staff, pages, and the public, we ask those attending our hearings to abide by the following procedures. Due to social distancing requirements, seating in the hearing room is limited, and we ask that you only enter the hearing room when it is necessary for you to attend the bill hearing in progress. The bills will be taken up in the order posted outside of the hearing room. The list will be updated after each hearing to identify which bill is currently being heard. The committee will pause between each bill to allow time for the public to move in and out of the hearing room. We request that you wear a face covering while in the hearing room and testifiers may remove their face covering during testimony to assist committee members and transcribers in clearly hearing and understanding the testimony. Pages will sanitize the front table and chair between testifiers. Public hearings for which attendance reaches seating capacity or near capacity, the entrance door will be monitored by a Sergeant at Arms who will allow people to enter the hearing room based upon seating availability. Persons waiting to enter the hearing room are asked to observe social distancing and wear a face covering while waiting in the hallway or outside the building. The Legislature does not have the ability-- availability due to the HVAC project of an overflow hearing room for hearings which attract several testifiers and observers. We ask that you please limit or eliminate handouts. Please silence all cell phones, other electronic devices. We will be hearing the bills in the order listed on the agenda. Those wishing to testify on a bill should move to the front of the room and be ready to testify. We have set aside an on-deck chair in the front so that testifier-- the next testifier will be ready when it's their turn to come. If you will be testifying, legibly complete one of the green testifier sheets located on the table just inside the entrance. Give the completed testifier sheet to the page when you sit down to testify. Handouts are not required. But if you do have a handout, we need 12 copies and pages can assist you with that. When you begin your testimony, it's very important that you clearly state and spell your first and last names slowly for the record. If you happen to forget to do this, I will stop your testimony and ask you to do so. Please keep

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your testimony concise. Try not to repeat what's already been covered. We use the light system in this committee. Beginning with the green light, you have five minutes for your testimony. Yellow light indicates there's one minute left. And when the red light comes on, it's time to wrap up. Those not wishing to testify may sign in on the pink sheet by the door to indicate their support or opposition to a bill. And with that, I'll introduce my staff: Andrew Vinton, as the legal counsel for the committee; and the committee clerk is Sally Schultz to my left; and the pages today are Turner and Lorenzo. Thank you, guys. With that, we can begin introductions on my right.

HUGHES: Senator Dan Hughes, District 44, ten counties in southwest Nebraska.

BOSTELMAN: Bruce Bostelman, District 23: Saunders, Butler, and majority of Colfax Counties.

ALBRECHT: Joni Albrecht, District 17: Wayne, Thurston, and Dakota Counties in northeast Nebraska.

GEIST: Good morning, Suzanne Geist, District 25, which is the east side of Lincoln and Lancaster County.

MOSER: Mike Moser, District 22, primarily Platte County.

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

GEIST: And with that, we will start the hearing on LB343. Senator Friesen, you're welcome to open.

FRIESEN: Good morning, Vice Chair Geist, members of the Transportation and Telecommunications Committee. My name is Curt Friesen, C-u-r-t F-r-i-e-s-e-n, and I represent District 34 and sponsor of LB343. LB343 is intended to make the process used by county sheriffs to inspect motor vehicle titles before vehicles can be registered available to more businesses. The system we last modified in 2019 was LB80. It's currently only available to franchisee and motor vehicle dealers. LB343 will enable all motor vehicle dealers with a place of business in Nebraska to use this process. This would include many of the independent dealerships in the state. And the bill would also change the time of inspection from the vehicles in inventory to the time of

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the sale. Most of you were on this committee in 2019, but I'll refresh your memory with some background. Vehicles that come in from out of state are required to be inspected by the county sheriff's office. The expedited system created in LB80 was voluntary for the county sheriff in his or her county of jurisdiction. Rather than have to physically inspect the vehicle, the sheriff can prescribe a process where the dealer provides the inspection fee, documents evidencing the transfer and vehicle information, such as the make, model, VIN, odometer reading, and a photograph or a digital image of the vehicle to the sheriff. The sheriff could then conduct the inspection using the documents provided and issue a statement required in Section 60-146 that the inspection was completed. If the information was incomplete or if the sheriff believes further inspection was necessary, the sheriff will inform the franchise dealer. If that dealer knowingly provided false or inaccurate information, the dealer would be liable for damages. The dealer would be required to keep the records for those transactions for five years. Expanding this process to all car dealers in the state will enhance competition, make the inspection process more effective and efficient for both dealers and law enforcement. I urge you to advance LB343 to General File, and I'd be happy to answer any questions.

GEIST: Thank you for your testimony. Are there any questions from the committee? Seeing none, I will move to have proponents of the bill testify. Are there any proponents? Good morning.

CHAD TESSMAN: Morning.

GEIST: Go ahead.

CHAD TESSMAN: Thanks for giving me some time today. My name is Chad Tessman, C-h-a-d T-e-s-s-m-a-n. I own Velocity Auto Sales in York. And I am the president of the Nebraska Independent Auto Dealers Association. I'm here to testify on behalf of our members of our association on support of LB343 to amend the Section 6-- 60-146 to give Nebraska licensed dealers access to more streamlined and efficient title inspection process. Changing this process will benefit independent dealers, small and large, and their local sheriff's departments. Currently, the process for inspection for us is as follows. We physically take the vehicle down-- and title down to the sheriff's department and one of the sheriff employees comes out to

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inspect the VIN and odometer. They then go back and run the vehicle through their system and give a copy of the inspection to us so we can transfer title into Nebraska title. This typically will take-- for, for us, we did about 63 of these last year in York County. I'm only a few miles from the sheriff's office and they're typically not really busy so it usually takes about 30 minutes to do this. However, larger independents, such as one I know that does over 250 a year, it can be a little more of a hassle. Coupled with a busier sheriff's department in, say, Lancaster County or Douglas or Sarpy, it can be quite a-- or if, let's say, the-- you're not in the county seat and you have to drive the car down over to another town, it can take quite a bit more time. This would also benefit the sheriff's department as they wouldn't, they wouldn't have to have their employees go outside to inspect the vehicle quite as often. The inspector in York has told me that they do love the online process that they've done-- started doing with the franchise dealers. With expanded access to online history reports, such as CARFAX, the need for these physical inspections seems to becoming smaller. Most licensed dealers, such as myself, purchase inventory through, through auctions, and they've already typically been vetted through-- on vehicle histories. And most dealers like me are able to instantly pull a vehicle history on their phone even. So our association members are family- owned businesses, typically, with most of them being the business owner having-- doing the brunt of daily tasks. And we're asking for your consideration for this change and appreciate your time. And we also appreciate Senator Friesen for introducing this for us.

GEIST: Thank you, Mr. Tessman. Are there any questions from the committee? Yes, Senator Albrecht.

ALBRECHT: Thank you, Vice Chair Geist. And thank you for being here today and your testimony. So have you ever had a situation where you found that the car wasn't what it was supposed to be?

CHAD TESSMAN: I have-- in ten years, I have not.

ALBRECHT: Not. So you really do feel that it's still a good thing to be able to look title versus the inspection over for the consumer and yourself?

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CHAD TESSMAN: Personally, I from people that I've talked to, I've not heard of very many being caught. It may have been something that was more important in days of-- well, myself, I've been in the business for about 20 years and there were days where we didn't even run history reports. We had no access to that information like we do now. I think that cuts down a lot of the fraud that they may have been looking for in the past. I'm not really privy to what exactly they're, they're seeing on their side, but they're looking--

ALBRECHT: So--

CHAD TESSMAN: --for stolen vehicles.

ALBRECHT: --so if you are a dealer and something was fraudulent, it would come back on you wouldn't it?

CHAD TESSMAN: It would come back on me, and then I'd be going back on, say, the auction or--

ALBRECHT: Whoever you bought it from--

CHAD TESSMAN: Yeah.

ALBRECHT: --or-- so what do you, what do you think-- what happens with, maybe you know this, what happens if I were to purchase a car over in Iowa, do I just go to the sheriff's office myself--

CHAD TESSMAN: Yes.

ALBRECHT: --and get it inspected before I can go get a title?

CHAD TESSMAN: Yeah, if you purchased a vehicle in Iowa, then when you went to go-- they, they give you an Iowa title. When you went to go license it, you would have to take it to the sheriff's department first for that inspection.

ALBRECHT: So the timing of everything now that it's online makes it a little easier for your-- the dealership and your personnel and the sheriff's office to, to expedite the process?

CHAD TESSMAN: Yes.

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ALBRECHT: OK.

CHAD TESSMAN: Yeah, it would.

ALBRECHT: Very good. Thank you.

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

CHAD TESSMAN: Thank you.

GEIST: Any other proponents? How about opponents? Are there any opponents to LB343? OK, are there any who wish to testify in the neutral capacity? I don't see any. Senator Friesen, would you like to close? And he waives closing, so that will end the hearing for LB343. You are up.

FRIESEN: OK, we'll now open the hearing on LB581. Welcome, Senator Hansen.

B. HANSEN: Thank you. Good morning, Chairman Friesen and the rest of the Transportation and Telecommunications Committee. My name is Senator Ben Hansen, B-e-n H-a-n-s-e-n, and I represent District 16, which includes Washington, Burt, and Cuming Counties. Some might call it the best district, but it's up to you guys to decide. LB581 would amend current state statute to allow individuals over the age of 21 the option whether they would like to wear a helmet or not when operating their motorcycle, given that they have been certified by the Motorcycle Safety Foundation basic motorcycle rider course. But I think one of the most important things we can gain from this bill is the restoration of one's freedom that the government has removed from this group who are not receiving the respect and attention they deserve. Now I'm certain that the opponents that follow me will use emotional and relevant testimony to their argument, as they should. I can never imagine having to treat an acute motorcycle injury or have to take care of a chronic patient of this nature, even though I have. So it only makes sense if we're being empathetic that they have a rational basis for their disapproval of this bill. I just don't want to take that away from them. But like you probably heard me say before on the floor with bills such as these, that we need to make sure we think with our head and our heart when deciding on issues just like

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these. Our hearts, when not just always thinking of those you might disadvantage, but how about the multitude, multitude of those that will benefit through increased freedom to choose for themselves, and economic and tourism boon for the state, and increased safety by requiring that every new motorcycle license take the certified motorcycle safety course, which will teach them about appropriate safety on the motorcycle, defensive driving, and how to properly handle the bike on the road. And by our head by offering relevant and current statistical data to show that whether your state does or does not have a helmet law, some of the results might surprise you. For instance, did you know that there are only 18 states that require all riders to wear a helmet regardless of age. Including Nebraska, currently only 18. And we are now the only midwestern state in the United States this year since Missouri just recently modified their helmet law last year. We're now the only one in the Midwest to have a complete optional helmet restriction. And another interesting point, which I actually found kind of interesting, of those 18 states that do have a complete helmet law, the average death rate is 6.3 percent for every 10,000 riders, compared to 5.7 percent for those states that have modified theirs. So you have 6.3 percent death rate versus 5.7 percent. And you can compare individual states if you wish that have similar riders and compare their statistics if you want to. For instance, Nevada has complete helmet law, they have 7.1 deaths per 10,000; Utah, which has theirs modified, 4.6; Virginia, 6.03, who has a helmet law; Iowa, who has no restrictions at all, 2.47; Mississippi, which has a helmet law, at 14.22; and Rhode Island, 3.56. They both have very similar statistics when it comes to riders in their state. And according to a study from the National Highway Safety Administration, currently there are roughly 4.84 fatalities in Nebraska every year. Now I know that there might be some that say we are cherry picking the data and manipulating it in some way, and I assure you we're not. They might say, well, it's because those states that have warmer climates have more people riding more times of the year, which might skew the statistics. But we can also say that according to the National Safety Council study from this year, 61 percent of fatalities happen in urban areas, balancing out some of the comparable data. Also relevant, car insurance. One of the oldest insurance companies in the country states that in a 2020 study, about 67 percent of multiple vehicle accidents occur when the other driver violates the motorcyclist's right of way. So it's not even the

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motorcyclist's fault. And regardless of whose fault it is, these are the very safe, defensive driving challenges we are trying to address and fix with a required certified motorcycle safety course, a sort of driver's ed for motorcycle riders, if you will. Which brings me to one more point. Even with the modifications pertaining to this bill, we'll still have one of the most strict helmet laws among the modified states in the country. And Nebraska will still be one of the most strict. All of our surrounding states, Colorado, Idaho, Kansas, Minnesota, Montana, North and South Dakota, and Wyoming require those under 18 to wear a helmet. We would be 21 years and younger. Iowa has no age restriction as well, like I mentioned before. And there are only two other states in the U.S. that require the riders to take the certified safety course. We would be only the third. In closing, my opponents to this bill will give you examples and personal stories of terrible accidents that should not have happened. And death in any regard is a terrible notion to fathom, one that I don't take lightly and mention flippantly with arguments such as this. However, this issue is more than a medical or even an economic issue. It's a cultural issue. There are over 55,000 proud motorcyclists residing in Nebraska that have a rich culture in history that just want the option to choose whether to wear, to wear their helmet or not and not some rigid state mandate that tells them they have to. So with that, I will close and do my best to entertain any questions. Thank you.

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

B. HANSEN: I will stay to close.

FRIESEN: Are you going to stick around?

B. HANSEN: Yep, thank you.

FRIESEN: Proponents who wish to testify. Welcome.

RANDALL GEER: Good morning, Chairman Friesen and members of the Transportation Committee. My name is Randall Geer, R-a-n-d-a-l-l G-e-e-r. Thank you for allowing me to speak in support of LB581 today. As most of you know, I have regularly spoken in favor of similar, similar bills in the past. I have brought comparative statistics from neighboring states that conclude that Nebraska has a higher fatality

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rate for riders than neighboring states. I've also spoken on the economic benefits of keeping Nebraska riders, keeping the recreational dollars here in Nebraska rather than spending them in neighboring states without helmet mandates. While the data, data still correlates to be true, I'll only share one statistic with you today. Recent studies show that the highest motorcycle fatality rate, Mississippi, has a mandatory helmet law. While the state with the lowest fatality rate, Montana, does not require a helmet ride-- a helmet for riders over 18. One more, 61 percent of motorcyclists killed on our highways were wearing helmets. You hear from opponents of this bill that helmets save lives, but that isn't necessarily the case. If you were to compare our state from any of our borders with neighboring states, the nearest place that has a mandatory helmet law is Canada. The next closest is Tennessee, going south, Louisiana, and west, Nevada. Last summer, a good friend of mine left Des Moines on an 18-day motorcycle excursion. He toured through the Black Hills, Yellowstone National Park, Beartooth Pass, the Zion National Park, and spent three days riding the Rockies in Colorado. Heading home, did he ride through Nebraska? No, he rode through Kansas and Missouri. Why? Because we have a helmet law. Of course, they had helmets with them, but the fact that we still have a helmet law was a determining factor on how he planned his route. This is just one instance. How many other motorcyclists plan their trips the same way? Tell me our cafes, restaurants, motels couldn't use the infusion of tourism dollars. Just the fact that we are a, a helmet mandatory state labels us as a nonmotorcycle friendly and not open to two-wheel tourism. Instead of mandating equipment to mitigate the damage caused by a crash, why can't we work on trying to eliminate the crash altogether? Requiring a safety course for any new riders to receive a motorcycle endorsement would provide them with additional defensive driving skills, such as emergency braking and avoiding being in, in a car's blind spot as they're riding down the road, and help them avoid situations where they put themselves in jeopardy and maybe keep them out of harm's way. Raising awareness, awareness of the nonriding public as to how to look twice before turning or pulling out in front of a rider, those, those maybe could reduce some of those right-of-way violations. These are the kinds of things that can reduce motorcycle crashes as a whole, therefore reducing fatalities. The helmet doesn't enter the equation until after the crash has happened. Education is the answer, not

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legislation. Thank you for allowing me to testify today and have a nice day.

FRIESEN: Thank you, Mr. Geer. Questions? Senator Geist.

GEIST: Yes, Mr. Geer, thank you for being here. And I just have a question about the safety course.

RANDALL GEER: Yes.

GEIST: For one, what is-- do you know what the cost of the safety course would be?

RANDALL GEER: The safety course, depending on where you take it, is, is usually about \$250 to take the course.

GEIST: OK, so similar to a driver's ed course.

RANDALL GEER: I, I know ABATE of Iowa runs their own. They do the safety courses for the state of Iowa.

GEIST: OK.

RANDALL GEER: And if you're an ABATE member over there, you can take their basic riding or their advanced riding course for \$150.

GEIST: So-- and that-- you're getting to my second question is, is who would administer the, the course and how is--

RANDALL GEER: Normally, right now, most of the courses that are established in the state of Nebraska are certified by the Motorcycle Safety Foundation. They, they-- like the classes at Frontier and the classes at, at the community college and whatnot, we don't have the manpower or, or the facilities to do the safety courses ourself.

GEIST: OK.

RANDALL GEER: So it's not anything for us to do at this point. We'd like to in the future, but you know.

GEIST: So if this bill passes, is there a course going on right now that a motorcyclist could participate with and then get there license?

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RANDALL GEER: A lot of your, a lot of your motorcycle shops do, do have the courses on, on their, on their grounds.

GEIST: OK.

RANDALL GEER: A lot of, a lot of those do. Also-- they also have the classes out at, out at Iowa Western Community-- or--

GEIST: South--

RANDALL GEER: --Southeast Community College.

GEIST: OK.

RANDALL GEER: And the Nebraska Safety Council also has one, I believe.

GEIST: OK. All right. Thank you.

FRIESEN: Thank you, Senator Geist. Any other questions from the committee? Have you taken a safety course?

RANDALL GEER: I have not. I, I did a skills test. I will-- I'm planning on taking the one in Iowa next year because I am also a member of ABATE of Iowa also.

FRIESEN: And how many years of you ridden motorcycles?

RANDALL GEER: I've ridden for 20 years. I, I-- I'm active and I've been taking seminars and whatnot, going to seminars where I see the advantages of the safety courses and how they are-- the curriculum that they use in the safety courses.

FRIESEN: So do you think that safety course would benefit you even--

RANDALL GEER: I think that safety course would benefit me even.

FRIESEN: OK.

RANDALL GEER: I have, I have-- I've urged any new rider I come across speaking to them. If they have not taken a safety course, I urge any of those new riders to take a safety course.

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FRIESEN: OK. Thank you. Thank you for your testimony. I see no other questions. Welcome.

MICHAEL STEWART: Good morning, my name is Michael Stewart, M-i-c-h-a-e-l S-t-e-w-a-r-t. I'm brand new to this, so I'm a little nervous. So just kind of bear with me. I appreciate everybody's time today. Thank you. The handout you're given here, I'm in support of LB581. I used to ride motorcycles. I rode them for about 26 years. Now I drive what they call an autocycle. I drive a Polaris Slingshot. Which in 2018 when you guys amended or the Legislature amended the law, I'm required to wear a helmet as well. But I don't ride something. I drive something. I'm also held in by a seat belt as you can kind of see. There's many different types of autocycles. There is the Polaris Slingshot, which is the nice big pretty picture you see there. Up on the top right-hand corner, that's a look down into my Slingshot. As you can tell, I'm riding down into a car. You could also ask Senator Geist as I came down and met with her and took her for a ride in it also so she could understand what it was all about. Underneath that is a Vanderhall. Underneath that is a Campagna T-Rex. Each one of these vehicles is called a autocycle. They have two front wheels. They have a back will. We have anti-lock brakes. We all have seat belts. Underneath there is a Triumph car, four-wheel car with convertible top. They don't-- they have a seat belt, too, but they don't have to wear a helmet. I'm really curious why. If you turn over to the back of my sheet there, you'll see the same type of information that everybody else is talking about for the helmet laws. It's up there on the top left. Also talks about in the bottom left-hand corner how Missouri amended the autocycle to not have to have a helmet law. There's many states around us that do not have a helmet law for an autocycle. Up in the top right-hand corner, and I may pronounce it wrong, I apologize, vascular skull fracture. If any of you know about NASCAR, Dale Earnhardt, unfortunately died in an auto accident. He had a helmet on and he had a seat belt on. He died from a vascular skull fracture. How NASCAR and everybody amended that was they implemented the HANS device. It's a device to hold because when I get stopped in the seat belt I'm stopping but my head is shooting forward still. There is a bigger danger for me, if you notice here by the American Academy of Neurosurgeons, they, they talk about the dangers of death of wearing a helmet and a seat belt at the same time. They even talk about, and sorry about how it's phrased there, but it talks about

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legislator taking chances with my life until somebody gets sued. I'm not talking about suing anybody, but I would really like to know why I have to have a helmet on when I'm riding, you know, I'm driving something. You don't ride a Slingshot, you drive a Slingshot. I have a steering wheel. I have a 5-speed automatic. I have a clutch. I have a brake. I have a gas pedal. I have an emergency brake. If you look down at the bottom, that's a Harley-Davidson Trike, and that's a cam am-- Can-Am Spyder. Again, it's not what I-- it's, it's not what I drive. I drive a Slingshot. I have ridden, ridden or driven, however you want to say it, because everybody wants to category one way or another. I drove for two years after you guys passed the law where you do not need a motorcycle license anymore. I assumed you didn't need a helmet either, so I drove for two years without one. July 31, last year, I got stopped on O Street after seeing many police officers and Officer Powell stopped me. I asked him why nobody ever stopped me before. He said because they just don't know. They don't know the difference. They don't want to take a chance. Unfortunately, I paid the ticket. I didn't fight it. OK. You guys got my \$90-- \$99. That's great. OK. But there's a lot of places out there, a lot of people that still drive these. There's a few in Omaha. Drove up there, never got stopped. Gretna, nobody knows. So why make it more difficult on your officers to distinguish, do we pull over this person or not? I'm driving in a car, except I just don't have another tire. Sorry, it looks like my time's up.

FRIESEN: Thank you, Mr. Stewart. Senator Geist.

GEIST: Yes. I'll make this quick. It's good to see you again.

MICHAEL STEWART: Good to see you.

GEIST: And this is a sweet little ride, I have to tell you.

MICHAEL STEWART: It was a cold day, though. Right?

GEIST: It was a cold day. And yeah, there's no fuzzy blanket or anything. But I do want you to tell the committee about the safety feature of the roll bar, because that's not included in a convertible vehicle.

MICHAEL STEWART: OK. Yes.

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GEIST: And, and I think it helps to clarify your position a bit.

MICHAEL STEWART: Thank you. So if you notice right behind the seat, you'll see a black roll bar that's taller than my head. In the event of any type of rollover, that is going to suspend me in the air. If I have a helmet on, there's a good chance my helmet is what's going to hold me up. And the reason I say that is because if somebody is taller, they have their seat forward or back. That's going to matter a lot. I have reached out to the National Transportation Safety and they've gotten back to me, they can report of no rollover accidents in these things. No major crashes in these things. So I'm just curious what everybody's thought is behind having to wear a helmet when I already got a seat belt on. Do you want to wear a helmet in your car? I'm as safe as you are, too, except I just have one less wheel. I'll sure take anybody for a ride. Not today, because it was too cold. I did not bring it down here in the snow, it's not real good.

GEIST: Thank you.

FRIESEN: Thank you, Senator Geist. Any other questions from the committee? Seeing no further questions, I, I have seen these out on the road and they look like a lot of fun to drive, so. Thank you, Mr. Stewart.

MICHAEL STEWART: Can I ask you, when you seen these out there, did you see the person with a helmet on?

FRIESEN: Well, I-- they drive down the Interstate, so.

MICHAEL STEWART: OK.

FRIESEN: Thank you very much.

MICHAEL STEWART: Thank you.

FRIESEN: Any other proponents that wish to testify on LB581? Senator Bloomfield.

DAVE BLOOMFIELD: Guess who?

FRIESEN: Good to see you.

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DAVE BLOOMFIELD: Good morning, Senators. My name is Dave Bloomfield, D-a-v-e B-l-o-o-m-f-i-e-l-d. I'm a former state senator for Legislative District 17. That seat is now well-represented by a member of this committee, Senator Albrecht. This is not the first time I've appeared before-- excuse me, before this committee on this issue. I hope it can be the last. I could present, as I have in the past, a flood of evidence and endless statistics about death and injuries and the numbers of accidents per 1,000 riders in states with or without helmet requirements. But I won't. Others probably will or have. I simply want to point out that a freedom has been lost here. A right has been denied. If we have learned anything from all of our past wars, it is this: freedom is a precious commodity that once lost is nearly impossible to regain. Nations have learned this bitter truth in the past. Ask someone from what was East Germany or Poland, what it took to regain their basic rights? We have fought wars to keep or restore the freedom of people around the world. The right to decide about wearing a helmet may not seem to compare with the right of free speech or the right to freely assemble or the right to worship God as we please. Or does it maybe get pretty close? What about "Life, Liberty and the pursuit of Happiness?" Does that ring a bell? The people who have lost this right are not a bunch of radicals. They are decent, hard working, freedom loving Americans who have been fighting within the system for over a quarter of a century trying to regain a right that was taken from them. It was taken to prevent the state from losing federal money. That threat has now been removed, but the law has not. We see riots in the cities of other states caused by people unwilling to work within the system to change the wrongs within that system. You do not see that from the motorcycle riders of Nebraska. I hope we never do. The states around Nebraska pretty much repealed their overly restrictive helmet laws, and they still seem to be doing just fine. What is it about a little freedom that scares us here in Nebraska? While to me freedom is more than reason enough to toss this old law into the dustbin of history, there are more reasons to repeal it that should be considered. Sometime later this year, you will be asked to increase funding for tourism development. Yet this very law that we are asking to be repealed, chases away a great number of tourists each year. When I was carrying this bill, we did a lot of research on what it's costing us. We're losing thousands of visitors and millions, if not tens of millions, in sales and revenue. We were told during the debate the last time that I sponsored the repeal that

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western Nebraska didn't have the infrastructure to handle the increase we would see in tourism. Wouldn't it be nice, a nice change to see some new motels built or maybe a few restaurants in some of our small towns reopen? Would it be a good thing if we could introduce the back roads of Nebraska to the general motorcycle population? We can't guarantee that all this will happen with the passage of LB581. We can, however, know for sure that the cyclists and their families will not come if you fail to pass LB581. We have years and years of proof of that. Many won't even drive through our state in their cars. They hate this law that much. So we can gain revenue, gain tourism, gain respect from other states. And while all that is nice, I repeat that the most important thing is that we can gain the restoration of one freedom that the government has removed from a small minority that not many people care or think about. I close, as I have in the past with a quote from President Ronald Reagan. Quote, Government exists to protect us from each other. Where government has gone beyond its limits is in deciding to protect us from ourselves. Closed quote. The state of Nebraska has overreached here in denying this right in an effort to protect these citizens from themselves. You have the ability to take the first step to correct this wrong. Thank you for listening. Please send this bill to the floor for passage and I will try to answer any questions you might have.

FRIESEN: Thank you, Senator Bloomfield. Any questions from the committee? Seeing none,--

DAVE BLOOMFIELD: Thank you.

FRIESEN: --thanks for coming in. Other proponents wish to testify on LB581? Seeing none, anyone wish to testify in opposition to LB581? Welcome.

GARY HAUSMANN: How are you doing? Thank you. Senator Hansen and the other senators here, thank you for your time today. My name is Gary Hausmann, G-a-r-y H-a-u-s-m-a-n-n. I live in Blair, Nebraska. I've been a corporate pilot for 39 years in Omaha and a pilot for Werner Enterprises in Omaha for 21 years. My accident was fourteen and a half years ago and this is the 13th time I have been here to testify on this issue. In 13 years, I still have not heard of one good reason to eliminate the helmet law in Nebraska. On September 1, 2006, on my way home from a flight, I was involved in a motorcycle accident north of

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Eppley Airfield. The accident was not my fault. However, the injuries were certainly life threatening. I was wearing a very good quality motorcycle helmet. My injuries were, injuries were a broken C5 and 6 cervical vertebrae, a shattered sternum, four broken ribs, a collapsed right lung, and a dislocated right shoulder. However, my most serious injury was a brain injury known as diffuse axonal injury. Only 9 percent of DAI victims survive, and 92 percent of the survivors in a wheel are-- of the survivors are in a wheelchair for the remainder of their life. Because of a huge number of prayers, the excellent, excellent medical care at UNMC and the amazing rehabilitation at Madonna Lincoln, I have made an incredible recovery. Most motorcycle accident victims are not so fortunate. I was instructed by the FAA that it would be at least ten years before I could qualify for an FAA medical certificate. They warned me that less than 1 percent of pilots with injuries such as mine would ever get their medical reinstated. I did, in fact, earn my Class 1 FAA medical certificate just three and a half years after my accident. A goal probably impossible to achieve had I not been wearing a good helmet. I'm not boasting about my recovery. I'm bragging about the fact that I was wearing a good motorcycle helmet. While my medical bills were only \$383,000, in 2006, a motorcycle accident that did involve head injuries resulted in an average of \$1.41 million in medical bills. This figure has certainly doubled or tripled since then. How will these bills be paid? For years I have heard the opponents talk about their personal freedom. I agree 100 percent with them. They should have the personal freedom to pay their own medical bills. Senators, what percentage of motorcyclists do you see on the road every day in the summertime in Nebraska that would have \$1.41 million in personal welfare insurance? Who's going to pay these medical bills? The state of Nebraska? Well, for 13 years now, I have heard the same story about personal freedom. And for the 13th time, I'm going to say this really is a no-brainer, isn't it? Thank you. Questions?

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

GARY HAUSMANN: You've already asked all the questions, haven't you?

FRIESEN: Seeing none, thank you for your testimony.

GARY HAUSMANN: Thank you.

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FRIESEN: Welcome.

ALICIA GENTLE: Thank you for your time. My name is Alicia Gentle, it's A-l-i-c-i-a G-e-n-t-l-e, and I'm here to testify-- I'm so sorry, I'm so nervous, I'm here to testify on behalf of the Nebraska Emergency Nurses Association as a trauma coordinator and as a nurse. Additionally, I served as an active duty ER trauma nurse in the United States Air Force. I have seen firsthand the impact wearing helmets has for motorcycle riders in our state. I think, I'm just nervous. Sorry.

FRIESEN: It's OK. Just relax. It's OK.

ALICIA GENTLE: OK. Helmets decrease the severity of head injuries, the likelihood of death, and the cost of medical care. The National Highway Traffic Safety Administration estimates that in the event of a crash, unhelmeted motorcyclists are three times more likely than a helmeted rider to suffer traumatic brain injuries. And the motor-- and that motorcycle helmets reduce the likelihood of a crash-- of crash fatality by 37 percent. As Nebraskans, we have seen how helmet laws affect death and injury. Nebraska reinstated the helmet law January 1, 1989, after repealing an earlier law in 1977. The state then saw a 22 percent reduction in serious head injuries among motorcyclists. Additionally, acute medical hospital charges for injured motorcyclists at that time declined 38 percent. LB581 proposes helmet use as exempt for people over the age of 21 and has been certified by the, the Motorcycle Safety Foundation basic motorcycle rider course or other substantially similar motorcycle rider course. However, I would argue that helmet use laws that apply only to young riders are virtually impossible to enforce. In 2019, the Nebraska Department of Transportation Safety Office noted 102-- 102,578 licensed motorcycle operators, 21 and older and 901 licensed operators, 20 and under. LB581 only protects .87 percent of licensed operators, less than 1 percent. On a personal note, as a nurse, I carry the souls of the people I could not help survive. Thank you for your time and consideration.

FRIESEN: Thank you, Ms. Gentle. You can wait and see if there's some questions. Any questions from the committee? Yes, Senator Cavanaugh.

M. CAVANAUGH: Thank you.

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ALICIA GENTLE: Thanks.

M. CAVANAUGH: I just wanted to thank you for your service.

ALICIA GENTLE: Thanks.

M. CAVANAUGH: And you did a great job. And it looks like you've done harder things than talk to us today. So--

ALICIA GENTLE: You know, I teach, which is funny, I teach trauma nurses how to be trauma nurses that for some reason this is terrifying to me.

M. CAVANAUGH: Well, thank you for, for sharing your story.

ALICIA GENTLE: Thank you.

FRIESEN: Thank you, Senator Cavanaugh. Thank you, Ms. Gentle, for your testimony. Any others wish to testify in opposition? Welcome.

BROOKE MURTAUGH: Good morning. Thank you, ladies and gentlemen of the Transportation and Telecommunications Committee. My name is Dr. Brooke Murtaugh, spelled B-r-o-o-k-e M-u-r-t-a-u-g-h. I'm the brain injury program manager at Madonna Rehabilitation Hospital covering both Lincoln and Omaha campuses. I'm a doctor of occupational therapy specializing in brain injury medicine and rehabilitation. I provide education to medical professionals on brain injury and rehabilitation, both regionally and nationally. I'm a certified instructor for the National Brain Injury Specialist Certification through the Brain Injury Association of America, an active member of the American Congress of Rehabilitation Medicine, Brain Injury Special Interest Group, and the Brain Injury Assoc-- International Brain Injury Association. I've spent the last 15 years of my practice working exclusively with the traumatic brain injury population. I implore you to vote no to LB581 and prevent this bill from moving out of committee. Madonna's organization admitted 548 moderate to severe brain injury survivors to inpatient rehabilitation in the fiscal year 2020. A portion of 1,500 brain injury survivors of all severities. I've treated thousands of survivors of traumatic brain injury. No one can comprehend the pain and suffering these survivors of brain injuries and their families endure. There's a plethora of long-term deficits survivors experience for years, if not for a lifetime. These

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deficits include cognitive, mental, emotional challenges, long-term physical deficits in mobility and chronic pain, and loss of productive employment. Survivors of brain injury are also at a significantly higher risk for substance abuse issues after injury, with an increased risk of suicide. Functional outcome studies one to five years past moderate to severe brain injury demonstrate significant long-term deficits and disability. Two-thirds of these individuals continue to require a formal caregiver, while one-third require daily assistance with simple tasks. Twelve percent of those were institutionalized. Sixty percent of those with moderate to severe brain injury are still unemployed two years after injury. Consequently, anything that we can do as Nebraskans to lessen the incidence and severity of traumatic brain injury is critically important. Continuing to enact the current universal helmet law would limit the number and severity of TBI in the state. Several quantitative studies have demonstrated that universal helmet laws decrease the incident and severity of traumatic brain injury. A Cochrane systematic review on helmet use and TBI found the helmet use of motorcycle operators reduce the risk of death by 42 percent and reduce the incidence of brain injury by 69 percent. In review of the past calendar year at Madonna, we admitted 39 patients secondary to motorcycle accidents. Thirty percent were from states without helmet laws. All suffered TBI, along with multiple other injuries. Seventy percent of motorcycle injury admissions were from Nebraska, 100 percent were helmeted and 20 percent did not sustain any form of brain injury. Traumatic brain injury is a costly injury. Lifetime cost of a single severe traumatic brain injury is estimated at \$3 million. Only 5 percent of persons with severe traumatic brain injury have the adequate funding for long-term treatment and supports; 95 percent of individuals with traumatic brain injury rely on state and federal programs to fund and support their long-term needs. A study in the American Journal of Surgery published in October of 2018, examined the impact of repealing the helmet law in Michigan. Michigan repealed their universal helmet law in 2012 and implemented a law similar to LB581. As a result, the helmet use decreased by 27 percent and head injuries increased by 14 percent. Helmet nonuse doubled the odds of a fatality and tripled the odds of traumatic brain injury. Furthermore, the injuries that were sustained following the repeal were more significant, with increased skull fractures and more requiring neurosurgery. More patients require the high cost treatment services of ICUs and placement on a ventilator. The study also looked

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at insurance coverage for helmeted versus unhelmeted riders. Unhelmeted riders are 12 to 16 percent more likely to have government insurance or be uninsured. So let's use our heads. The state of Nebraska is a fiscally conservative state. We cannot afford an increase in the number of traumatic brain injuries and the cost to care for the acute and long-term needs of this population. At Madonna, we speak to 100 percent of our severe and moderate brain injuries about the use and the need for Medicaid and Social Security disabilities, the process and the resources. We know through our decades of experience that no private insurance will fund or provide resources required for the long-term needs of the population. Utilization of state and federal programs will be imminent for these families to care for their loved ones. According to the 2019 Nebraska Medicaid annual report, 12 percent of Nebraskans currently utilize Medicaid. Nebraska paid out \$2.1 billion for Medicaid services in 2019. The aged, blind, and disabled cohort is the category of Medicaid recipients where brain injuries fall. Twenty-two percent of Medicaid recipients were aged and disabled, but utilized 64.9 percent of the two one-- \$2.1 billion. This equates to \$1.5 billion dollars per year. Repeal of Nebraska's universal helmet law will unequivocally increase Medicaid annual expenditures. One of the arguments I heard in 2019 from a proponent of repeal testimony stated that the death is imminent after unhelmeted motorcycle crash. This is blatantly false. Only 4 percent of motorcycle accidents are fatal, thus increasing the probability of survival with severe injuries and long-term disability. I understand the pro-repeal position of free choice to wear or not wear a helmet. However, when that free choice of not wearing a helmet leads to a traumatic brain injury and long-term disability that we as taxpayers will have to fund when that free choice of that individual has now affected all of us as Nebraskans. The societal, ethical, and economic costs versus benefit of LB581 are too high to support repeal. I implore you as a brain injury professional and as a taxpayer to vote no to LB581. Wearing a helmet not only saves lives and money, but most importantly, prevents the untold pain and anguish I see every day as a medical professional. Thank you.

FRIESEN: Thank you, Dr. Murtaugh. Any questions from the committee? Senator Moser.

MOSER: Do you see injuries to motorcycle accident victims from the extra weight of the helmet pulling on their spine when they crash?

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BROOKE MURTAUGH: I cannot speak to the velocity and the forces. I don't think there's any evidence to demonstrate that the weight of the helmet either increases the severity of injury or protects. It's literally the velocity altogether will cause, just as one gentleman said, the diffuse axonal injury that is going to come from high velocity impact, whether the helmet's heavy or not. And what that creates is shearing and tearing-- I'm going to get into science here, of every single connection of the brain from neuron to neuron. The brain goes completely offline. And that's why we see these severe disabilities and long-term needs is because the brain globally, not just one part, but the whole entire brain is injured. And so it's very, very difficult for the brain to heal and overcome that in any individual.

MOSER: OK.

BROOKE MURTAUGH: Whether it's a heavy helmet or not.

MOSER: OK, thank you.

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

BROOKE MURTAUGH: Thank you.

FRIESEN: --thank you for your testimony. Welcome.

JORDAN WARCHOL: Good morning, thank you. Senator Friesen and members of the Transportation and Telecommunications Committee, thank you for letting me appear before you today. My name is Dr. Jordan Warchol, J-o-r-d-a-n W-a-r-c-h-o-l, and I'm testifying on behalf of the Nebraska Medical Association in opposition to LB581. I'm an emergency physician from Omaha and I have extensive experience caring for victims of motorcycle crashes, both during training and as a practicing physician at a regional trauma center with the highest trauma center designation, meaning we care for the sickest patients with traumatic injuries. I would like my testimony today to serve two purposes. The first is to share with you my personal experience treating victims of motorcycle accidents and their families. And secondly, I feel my duty as a medical doctor with a background in science and data is to drive home the point that statistics

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surrounding motorcycle accidents and helmet use are crystal clear. It is my sincere hope that you will consider these statistics and allow data to drive policy. You may disagree philosophically with the role of government versus individual liberty or sympathize with the motorcyclists who lobby you. But I think you owe your constituents thoughtful consideration of this law and consider how your positions might affect the taxpayers of the state. I've cared for dozens of patients who have been involved in motorcycle accidents, including many who have not survived their injuries. According to data from the National Highway Traffic Safety Administration in 2017, the most recent year for which data is available, 5,172 motorcyclists lost their lives due to motorcycle crashes. Though motorcycles account for only 3 percent of registered vehicles and only 0.6 percent of total miles driven per year, that is 14 percent of all traffic fatalities. That means 5,172 times someone like me had to sit a group of strangers down and tell them that someone they loved was dead. If you've had the luxury of having never had to be on the end of one of those conversations, I implore you to consider the enormous toll that such moments take on families and communities. Seven hundred and forty nine of those conversations could have been avoided if only their loved one had been wearing a helmet. And thankfully, 1,872 lives were saved and families were spared that conversation because their loved one helmeted. For those of you who are economically minded, please consider the NHTSA data from 2017, which suggests that 100 percent helmet use in Nebraska saved nearly \$30 million in economic costs, including lost productivity, medical costs, legal and court costs, emergency service costs, insurance administration costs, congestion costs, property damage, and workplace losses and over \$180 million in comprehensive cost, which includes the cost of loss of quality of life. Would you turn down another opportunity to save the hardworking people of our state \$180 million? Now we should review a few recent studies published in medical journals illustrating the protective aspect of helmets. A study in the American Journal of Emergency Medicine showed that preventive effects of motorcycle helmets on the intracranial injury and mortality from severe road traffic injuries concluded that for severe trauma patients in motorcycle crashes wearing a helmet reduced brain injuries. The preventive effect of brain injury was significant in low-speed motorcycle crashes as well. A study in the Journal of Trauma looked at the economic impact of motorcycle helmets from impact to discharge from the hospital.

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Utilizing a national database and claims data cost analysis, it was determined that based on current estimates of 1,900-- excuse me, 197,000 motorcycle crashes per year in the U.S., just the healthcare economic burden of nonhelmet wearing victims was over \$250 million. This, of course, did not include the differential in additional costs such as lost work, lost productivity, and the nonhealthcare costs, not to mention the pain, suffering, and emotional costs to riders and their loved ones. Another Journal of Trauma study showed that nonhelmeted motorcycles have worse outcomes than their helmeted counterparts independent of the use of alcohol or drugs. Furthermore, they monopolize more hospital resources, incur higher hospital charges, and reimbursement in this group of patients is poor. Thus, the burden of caring for these patients is transmitted to society as a whole through increased costs for healthcare services and increased health insurance premiums. At the end of the day, someone still has to pay, and it often is the public. To Senator Moser's prior question, from the Journal of Neurosurgery of the spine, a study of over 1,000 patients involved in motorcycle crashes showed that wearing a helmet not only protects your head and brain, but also is protective against cervical spine injuries. The cervical spine is the part of your spine that goes from the base of your skull to about the level of your shoulders and damage to the spine or spinal cord in that area can cause severe disability, including complete paralysis. These results were confirmed in a second study in the Journal of Injury, where patients who wore helmets were less likely to die, less likely to have cervical spine injury, and less likely to wind up in the intensive, intensive care unit, which is the most expensive area of the hospital. Some of you believe that personal liberty and freedom should prevail in this debate. However, my experience as a physician in these well-established studies demonstrate that asking motorcyclists to wear a helmet is a significant contribution towards mitigating health and economic risk to all Nebraskans. This is a well-studied topic and the data is clear. Not one study that I revealed-- or excuse me, reviewed revealed increased risk to helmeted riders and any suggestion otherwise is not supported by the facts. In considering this bill, please ask if motorcycle riders should expect society to accept tragedy and financially underwrite the other's risky behavior. Please do not advance LB581 from this committee. Thank you.

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

JORDAN WARCHOL: Thank you.

FRIESEN: Any others wish to testify in opposition to LB581? Seeing none, anyone wish to testify in a neutral capacity? Seeing none, Senator Hansen, do you wish to close? We do have letters in lieu of in-person here from Kent Rogert, from ABATE of Nebraska; Nick Faustman is in opposition, of AAA Nebraska; opposition from Jerry Stilmock, Nebraska State Volunteer Firefighters, Nebraska Fire Chiefs Association; opposition from Coleen Nielsen, Nebraska Insurance Information Service, State Farm Insurance Companies; opposed Lisa Henning, Nebraska Safety Council; opposed Michelle Weber, Nebraska Emergency Medical Services Association; opposition from Korby Gilbertson, American Property Casualty Insurance Association; and opposed from Robert Bell, Nebraska Insurance Federation. And we have numerous letters in support and numerous letters of opposition. All the position letters will have been entered into our shared drive, so everybody has access to them.

B. HANSEN: Thank you. Only 45 minutes. Boy.

FRIESEN: I think this is a record.

B. HANSEN: This is quicker than usual. I did want to ask-- answer one question Senator Geist asked about the safety course. They are provided throughout the state, like, Harley-Davidson dealers do them, Kawasaki dealers, community colleges do them. And they're typically around \$240, \$250, which the rider would bear. It's not a taxpayer. And a lot of them even do military discounts down-- like, \$100 discount on those as well, so. Again, the goal that is to teach them defensive-- this is something new that we've never done before that we've introduced. And the riders are in favor of it. And it teaches them about how to look out, because most accidents typically occur from the other driver hitting the motorcyclist so it's to help teach them about defensive driving and to look out for them, which is one of the goals that we wanted to do. I'm going to keep my closing pretty short because you've heard testimony from everybody. And I do appreciate Mr. Hausmann, I know I've heard him testify before. He's, he's, he's a very good guy and I appreciate him coming down here

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telling his story. And it is, it is kind of nervous coming up here talking, but it gets better every time you do it. So hopefully we have won't have to do very many more times. Something you've also heard me say before on the floor is I never like to make a law or get rid of a law because of economical reasons. You've heard the debate about how much it's going to cost the taxpayer. I don't think that's a reason to make or get rid of a law because the state's going to make money off of it. But I'd have to have a little bit of a rebuttal to some of those responses about how much it's going to cost the taxpayer. How much are we going to make off of revenue? That's something we never think about as well to offset many of those costs. And a lot of the numbers that they do use about how much it's going to cost the state typically isn't all Medicaid, isn't all taxpayer money. Some of it is also beared by the health insurance of the individual. And so, you know, we are talking millions to tens of millions to even, you know, 100 millions of how much the state could possibly make off of revenue. We just don't know until the free market has a chance to do that. And right now, we're hindering that. And this also comes down to how far do you want government to go, where do we draw that line? If we want to protect the public, let's ban sugar, let's ban soda, let's ban smoking, let's ban alcohol. That will save us exponentially more money and save exponentially more lives than a motorcycle helmet. Eating sugar does not affect the civil liberties of somebody else, just like wearing a motorcycle helmet. But where do we draw that line? How far do we go? And so that's another argument that we hear time and time again is that your liberty should be trumped by our ability as a government to tell you what to do just because we have Medicaid. And that's a giant carrot hanging over people's heads that sometimes is hard to hear. Because we-- just because we have government-run healthcare means we can tell you what to do with your liberties now. And so we can take this as far as we really want to and so it's hard to say where do we draw that line? So I just want to kind of put that in people's heads as well. But I do, I do appreciate everyone coming to testify in favor and opposed to it. I think it's good for the senators to know the opposition and the support of this bill because it will affect the riders of the state of Nebraska. So with that, I'll close. I'll take any questions as best I can.

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FRIESEN: Thank you, Senator Hansen. Any questions from the committee? Seeing none, thank you, Senator Hansen. And we'll close the hearing on LB581.

B. HANSEN: Thank you.

FRIESEN: That will close the hearings for this morning.

FRIESEN: OK, everyone, welcome to this afternoon's meeting of the Transportation and Telecommunications Committee. I'm Curt Friesen from Henderson, the Chairperson of the committee, and represent District 34. A few procedural items for the safety of our committee members, staff, pages, and the public. We ask those attending our hearings to abide by the following procedures. Due to social distancing requirements, seating in the hearing room is limited and we ask that you only enter the hearing room when it is necessary for you to attend the bill hearing in progress. Bills will be taken up in the order posted outside the hearing room. The list will be updated after each hearing to identify which bill is currently being heard. The committee will pause between each bill to allow for time for the public to move in and out of the hearing room. We request that you wear a face covering while in the hearing. Testifiers may remove their face covering during testimony to assist the committee members and transcribers in clearly hearing and understanding the testimony. Pages will sanitize the front table and chairs between testifiers. Public hearings for which attendance reaches seating capacity or near capacity, the entrance door will be monitored by Sergeant at Arms, who will allow people to enter the hearing room based upon seating availability. Persons waiting to enter the hearing room are asked to observe social distancing and wear a face covering while waiting in the hallway or outside the building. The Legislature does not have the availability due to the HVAC project of an overflow hearing room for hearings which attract several testifiers and observers. We ask you to please limit or eliminate handouts. Please silence all cell phones, other electronic devices. We will be hearing the bills in order listed on the agenda. Those wishing to testify on a bill should move to the front of room and be ready to testify. We do have an on-deck chair up front here. So when your turn comes, you're ready to go. If you will be testifying, legibly complete one of the green testifier sheets located on the table just inside the entrance. Give the completed testifier sheet to the page when you sit down to testify. Handouts are

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not required. But if you do need-- we need 12 copies and one of the pages will assist you if you need copies. When you begin your testimony, it's very important that you clearly state, spell your first and last name slowly for the record. If you happen to forget to do this, I will stop your testimony and ask you to do so. Please keep your testimony concise. Try not to repeat what has already been covered. We use a light system in this committee. Beginning with the green light, you have five minutes for your testimony. Yellow light indicates there's one minute left. When the red light comes on, your time is up. Those not wishing to testify may sign in on the pink sheet by the door to indicate their support or opposition to a bill. And with that, I'll introduce my staff. On my right is Andrew Vinton, the legal counsel. And to my left is Sally Schultz, the committee clerk. And our pages are Samuel and Peyton. Thank you. With that, I will let the staff-- or the, the senators introduce themselves.

HUGHES: Dan Hughes, District 44, ten counties in southwest Nebraska.

BOSTELMAN: Bruce Bostelman, District 23: Saunders, Butler, and majority of Colfax Counties.

ALBRECHT: Joni Albrecht, District 17, northeast Nebraska: Wayne, Thurston, and Dakota Counties.

GEIST: Suzanne Geist, District 25, which is the east side of Lincoln and Lancaster County.

MOSER: Mike Moser, District 22, Platte County and bits of, of Colfax and Stanton Counties.

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

FRIESEN: With that, we will open the hearing on LB574. Welcome, Senator Bostar.

BOSTAR: Good afternoon, Chairman Friesen and members of the Transportation and Telecommunications Committee. My name is Senator Eliot Bostar, E-l-i-o-t B-o-s-t-a-r, and I represent District 29. LB574 was brought to me by a constituent in my district. You will hear testimony from them shortly. Currently, out-of-state vehicle inspections are required to be done only by a state police agency in

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order to receive a title in Nebraska. LB574 looks only to adjust the language in statute from requiring an inspection by a state police agency in another state and change it to requiring an inspection by an officer of a law enforcement agency certified to perform these inspections in another state. The change would give businesses the flexibility they need to operate in accordance with other states' inspection practices. In the case brought to me by my constituent, their business was operating in Nebraska from 2004 to 2017. Over the last two years of operation, 2015 to 2017, 15,000 vehicles were processed and given Nebraska titles. In December of 2017, reinterpretation of Section 60-146 of Nebraska state statute read plainly meant that Nebraska would now only accept inspections performed by a member of a state police agency for the titling of out-of-state or imported vehicles. In-state vehicles may be inspected by a county sheriff or someone trained by the Nebraska State Patrol. This change is in line with that practice. Various efforts have been made to resolve this issue, including by my predecessor, Senator Bolz, who requested an Opinion from the Attorney General's Office. The AG stated that a statutory change would be necessary to achieve a resolution. I brought both Senator Bolz's letter as well as the AG Opinion for your-- for you this afternoon. Thank you for your time this afternoon. I encourage you to support LB574, and I'd be happy to answer any questions you might have.

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

BOSTELMAN: Thank you, Chairman Friesen. Thanks for bringing this bill today, Senator Bostar. Where are these vehicles coming from?

BOSTAR: So in this particular case, they are coming from Canada and they're entering through the Customs system in Massachusetts.

BOSTELMAN: And how many?

BOSTAR: I, I don't know the answer to that. But the, the gentleman who will testify behind me is, is affiliated with the business and, and he can answer in more detail in specific questions regarding this particular enterprise.

BOSTELMAN: Thank you.

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FRIESEN: Thank you, Senator Bostelman. Any other questions from the committee? Seeing none, are you going to stick around for closing?

BOSTAR: I will, sir.

FRIESEN: OK, thank you. Proponents who wish to testify in favor of LB574.

RON ROSS: You say it is permissible to remove my mask?

FRIESEN: You can take it off for testifying. Yes.

RON ROSS: Thank you. Good afternoon, Senator Friesen and members of the Transportation and Telecommunications Committee. My name is Ron Ross, R-o-n R-o-s-s. My wife, Susan, and I ran the Nebraska operations for Autobiz [PHONETIC] in 2017. I'm here today to support LB574. Autobiz-- oh, I should back up. The handout there is from my boss in Massachusetts, Steve Labelle [PHONETIC], that was passed out to you. I apologize for not bringing that to your attention. Autobiz imports vehicles from Canada for resale in the United States. The vehicles clear Customs in the state of Massachusetts and go through multiple inspections, including the Customs and Homeland Security when vehicles enter the country. Customs and Border Protection then issue a Certificate Entry Summary Form 7501, which is supplied to the titling state by Autobiz. Autobiz submits a vehicle for further inspections with specified documentation proving the vehicle conforms to U.S. federal motor vehicle safety standards, accompanied by nine photos which include the dashboard vehicle VIN, vehicle identification number, or VIN plate. Manufacturers and labels include the VIN number, the, the company-- I lost my place, the manufactured labels, which include the VIN. The documentation and pictures are sent to the U.S. Department of Transportation, DOT, in Washington, D.C. for review. The vehicles are held at the Autobiz facility for 30 days until the DOT issues a bond release. Autobiz is then required to-- is required to get the vehicle inspected again by Massachusetts law enforcement before Nebraska title can be issued. They find-- finally-- and when the titles are sent-- when that process is final, they are sent-- the titles are sent to my wife and I from Massachusetts. We take them to the Nebraska State Patrol to do their inspection. After the Nebraska State Patrol inspection, we are able to take the vehicles' paperwork to the DMV and have the new Nebraska titles issued. LB574 makes a

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minor change to Section 60-146 of Nebraska state statute that will help get Autobiz back in business in Nebraska. In Massachusetts, local law enforcement agencies perform vehicle inspection duties regularly. They are able to perform them in a business timely manner and is the process Autobiz uses for the business in other states. In 2004, before starting business in Nebraska, Autobiz met with personnel at the Nebraska State Auto Fraud Division and Nebraska DMV. They discussed the process of Autobiz business and inspection for imported vehicles. We did business in Nebraska from 2004 to 2017 without issue. In December, 2017, after 13 years of business, we had to shut down operations in Nebraska because of an interpretation of Nebraska statute 60-146, specifically requiring a state police agency of another state perform the vehicle inspections. I ask that you support LB574 to allow the flexibility for auto import business like Autobiz to comply with state vehicle identification inspection requirements without undue regulatory red tape. I thank you for your time and I would be happy to answer any questions you might have.

FRIESEN: Thank you, Mr. Ross. Any questions? Senator Albrecht.

ALBRECHT: Hi. Thank you, Chairman Friesen. And thanks for being here. This is kind of new to me. I spent 33 years in the car business and I don't quite understand how-- so you're-- I'm going to just kind of think about what you're saying here. So these cars are coming out of Canada. So does CARFAX and, and the United States also look at cars from Canada and be able to tell the history, if it's been in a flood or--

RON ROSS: It used to be--

ALBRECHT: --salvaged title or damaged or whatever?

RON ROSS: I know that CARFAX was involved in part of this process when it came across the border. I don't know if it's still required. And the 7501 form is actually accepted in some states as the inspection that they do at the border. It's kind of redundant because the same report that Officer John McGinn [PHONETIC] does in Massachusetts is the same inspection they do at the State Patrol. They use the same database.

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ALBRECHT: OK, but who, who is this gentleman in Massachusetts? Is he a, a--

RON ROSS: He's a local policeman in Massachusetts. He's local police. And he, he would be like-- for comparison in Nebraska, anybody who takes that course, State Patrol, county sheriff, or police officer can do the inspection. Even-- well, my wife worked at the DMV and she has taken the course. But the public doesn't have access to that database that they run the numbers through. So they still have to go to a law enforcement to get that done. But John is a local policeman that's readily available in Massachusetts to do these inspections, and he does them there.

ALBRECHT: So, so your company, are they an Internet-based company that you see all these cars and they have to come from Massachusetts to get here and, and when you sell them in Nebraska--

RON ROSS: The car, the car never comes to Nebraska, the vehicle never sets foot in Nebraska. They got distribution centers along the East Coast and they bring them across there and he--

ALBRECHT: So why, why would you need Nebraska--

RON ROSS: Well--

ALBRECHT: --to make the title?

RON ROSS: OK.

ALBRECHT: Why don't you just have the title done in Massachusetts or somewhere else?

RON ROSS: OK, when Steve Labelle started the business, he did the research. And at the time, Nebraska had the best turnaround time for getting a title redone. And at the time that he researched it, there was no charge for a title inspect-- or an inspection.

ALBRECHT: That's a deal.

RON ROSS: When he came and met with Al Theobald, who was the head of the Fraud Division for State Patrol. He said, this is a lot of business. And that's where if you look on that form, it says effective

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August 31, 2003, a \$10 application fee is with it. Supposedly, that's where that was generated at. So everybody pays that \$10 fee. Does that explain it any better for you?

ALBRECHT: Well, I guess I don't-- if you're just using Nebraska as a, as a roll through, you know, if you will, maybe we should be charging more for that service. Because if it doesn't benefit the state of Nebraska and the agency itself has to take on all that extra work to help somebody else in some other state that won't charge \$10, you know, maybe that's why they're charging \$75. But I guess, I look at it as if, if a title is here in Nebraska, we have the, the vehicle. We get to look at the vehicle. We get to check the CARFAX. We get to find out if it's a salvaged title. We get to find out if it's been in a flood or any damage. That's protecting the consumer. And when it comes to, to fraud, I think that's another reason. I mean, when you can help yourself, help that person not buy the wrong vehicle. I mean, I just, I just--

RON ROSS: And that, that paperwork all comes to Nebraska.

ALBRECHT: Right, but it only goes to one person up in Massachusetts that gets to look at that car. Right?

RON ROSS: The police officer looks at it. Customs, Customs and Homeland Security look at them coming across the border. They, they come to Massachusetts. They send the paperwork to the department, DOT in Washington, D.C., they check it out. It's held on a lot for 30 days. When they OK it, John McGinn, Officer John McGinn does his inspection and the photos and all that stuff has already went to the Department of Motor Vehicles in Washington, D.C. When that all clears and his inspection, which he runs through the database, clears and then they send it to us. The State Patrol does their inspection of all the numbers and the paperwork that came with it and then they OK it, then we pick it up, take it to the Lancaster DMV. They issue another new title. The new title in Nebraska has got a \$10 charge and the inspection's got a \$10 charge. And I think Mr. Labelle points out in there that in 2015 to 2017, they did 15,000 titles here in Nebraska, which meant \$150,000 for the State Patrol and \$150,000 for the DMV in Lancaster County.

ALBRECHT: OK, thank you.

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FRIESEN: Thank you, Senator Albrecht. Senator Bostelman.

BOSTELMAN: Thank you, Chairman Friesen. Same question, I asked Senator Bostar. Are these, are these new vehicles, are these used vehicles, are they vehicles that, that were originally registered and, and either manufactured or operated in Canada that are coming across or are they coming from another country?

RON ROSS: This, this is how I understand it. And it might be in his statement, but--

BOSTELMAN: I tried to look through there [INAUDIBLE].

RON ROSS: Yeah, and I, I, I haven't looked at it thoroughly, but I just seen it today. But they buy them at an auction in Canada because basically our dollar is stronger than the Canadian dollar. So they can make money when they bring them into the U.S. They get more bang for their buck. And last year they had a slow year per COVID, but they did 5,100 vehicles in 2020 and then they put them up for sale in the United States.

BOSTELMAN: OK, thank you.

FRIESEN: Thank you, Senator Bostelman. Senator Moser.

MOSER: So how are you connected with this? Do you sell cars or you're an employee of Autobiz or--

RON ROSS: Well, this is how it started. My wife was a DMV employee for 27 years, and she actually ran Lancaster County DMV. She was a manager there for 13 years. She used to handle some of the Autobiz business. And when she retired, she told Steve Labelle we were retiring and she would be no longer doing the Autobiz, that someone would be taking over for her. And I suppose three months into our retirement, he called because the person that did this before us was moving out of state and wanted to know if we'd be interested in handling the titles here for him for Autobiz, and we accepted. Is that kind of your question, how we got that?

MOSER: So-- but so you're an employee of Autobiz?

RON ROSS: Yes, we're employed by Autobiz.

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Transportation and Telecommunications Committee February 2, 2021
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MOSER: OK.

RON ROSS: Sorry, I misunderstood.

MOSER: Yeah, and they send the information to the state and the state issues a title in Nebraska and then you get the title?

RON ROSS: We get the title and FedEx them back to Massachusetts and then they can sell the car. And one of the reasons he came to Nebraska, because it was a fast turnaround time on the titles. And, you know, when he's got a car sitting there and they're paying money on it and they can't sell it, it's costing them money. So the reason he came, one of the reasons he came to Nebraska at the start was because of the turnaround time.

MOSER: You would think out of 50 states, somebody would be faster or cheaper.

RON ROSS: Well, when he first came here, there was no charge at all. Now there's a \$10 charge for the inspection. So I imagine that zero charge lured him here to start with. But after talking with Al Theobald and Betty Johnson, they came up with this \$10 charge.

MOSER: What-- do you know what other states charge?

RON ROSS: I don't, I don't know that information. You'd have to ask him. I know he's currently doing business, I think, in Ohio and Arkansas, but--

MOSER: And who does the money go to? Does it go to the General Fund or does it go to the county or does it go to--

RON ROSS: The money from the titles?

MOSER: Yeah.

RON ROSS: Well, the DMV keeps their money and the State Patrol keeps their money. And I was told that Al Theobald was glad to have that extra money around. It came in pretty handy.

MOSER: OK, thank you.

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FRIESEN: Thank you, Senator Moser. Senator Hughes.

HUGHES: Yes, thank you, Mr. Ross, for coming in today. So where are the cars coming into this country at, just into Massachusetts or all across the border?

RON ROSS: No, they come into Massachusetts across the Canadian border.

HUGHES: OK. And so the inspection fee is paid to the Massachusetts State Patrol at this point or--

RON ROSS: You know, they do an inspection there. And I understand it takes a long time to get the paperwork back. And that was why he wanted to come back to Nebraska. But the money that we get here in Nebraska for the titles, the, the \$10 for the inspection goes to Nebraska State Patrol out here and the other \$10 goes to the DMV at Lancaster County. Is that what--

HUGHES: So the, the inspection fee is just inspecting the title, not the car.

RON ROSS: They-- yeah, they, they do a visual inspection in Massachusetts. Officer John McGinn does the visual and takes the pictures and files all that--

HUGHES: So why are we getting a inspection fee in Nebraska? I'm, I'm not--

RON ROSS: Because it, because it says that a state policeman has to do it and they, they want the State Patrol to check it out again. And I believe it says in his statement that it's the same process they use in Massachusetts, the same database. So that's the way they had to do business. For us to process the title, the State Patrol had to inspect it, and then the DMV would issue a new title after they OK'd it.

HUGHES: I guess I'm getting confused. Are they inspecting the title or the car?

RON ROSS: Well, the car is never here, so they're inspecting the title and the paperwork.

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HUGHES: OK, so I didn't realize we had to have a State Patrol inspect the title.

RON ROSS: Well, they-- that's currently how it works.

HUGHES: OK, I, I-- OK. Thank you.

RON ROSS: I hope I answered your question for you.

FRIESEN: Thank you, Senator Hughes. Senator Albrecht.

ALBRECHT: Just one more question. You talked about this database and having the ability to access that database. Are you talking about our State Patrol has access to the database or your wife because she worked at the DMV at one time?

RON ROSS: According to my wife, who worked at the DMV, she took the training.

ALBRECHT: OK.

RON ROSS: And she could do the inspection, but she does not have access. Only law enforcement have access to that database. So it'll be the police or the county sheriffs or the State Patrol. In fact, the county sheriff's deputies do it down there at Lancaster DMV here. And if they have something they think that's not quite right, they send it out to the State Patrol. But they do, I would guess, 95 or 99 percent of the visual inspections here in Lancaster County.

ALBRECHT: OK, thank you.

FRIESEN: Thank you, Senator Albrecht. Senator Geist.

GEIST: So maybe I'm slow, I just want to clarify that-- so Nebraska is signing off on the inspection or this is what you're wanting them to do, sign off on the inspection that was actually done in Massachusetts when it came in to Customs without the person in Nebraska actually seeing the car. That's what the inspection is. Correct?

RON ROSS: What the inspection is, is the State Patrol checks the paperwork.

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GEIST: But the State Patrol is--

RON ROSS: There is a visual inspection in Massachusetts.

GEIST: Right. But the State Patrol would be signing off that, yes, there was a visual inspection in Massachusetts, but I didn't see the car. The paperwork looks in order. But if the paperwork wasn't correct there, how would we know?

RON ROSS: Well, the numbers would have to jive [SIC] with the paperwork. Currently, if this John McGinn was a state policeman, everything would be fine-- state patrolman. Because it says state police, not, not law enforcement.

GEIST: OK.

RON ROSS: So it would go through smooth as silk because he is a state patrolman in Massachusetts. But the wording is state police. And he is-- and the Attorney General ruled that it should be state patrolman. So I'm trying to get the wording of--

GEIST: Changed.

RON ROSS: --law enforcement so he can do the inspection.

GEIST: OK. And then what if that individual retires? Would someone in his equal capacity--

RON ROSS: Well, yeah, he would have to get somebody locally there to do it, fill in for John. Is that what you're saying?

GEIST: And they would have to be in the same capacity as he is.

RON ROSS: He'd have to be law enforcement. Correct.

GEIST: OK, thank you.

RON ROSS: Does that answer your question?

GEIST: Yes.

FRIESEN: Thank you, Senator Geist. Senator Moser.

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MOSER: I had a similar problem. I bought a jeep that was made out of four or five different jeeps. So the surviving parts were put together. And then when they sent me the title, the title didn't agree with the numbers on the frame of the Jeep. And so I had to send the title back to Idaho where I bought the Jeep from, and they had to sort it out and send it back. But if your VIN numbers don't match, you got a typo in something, then you're going to have trouble. So-- but I mean, you're doing it for pictures. You're not actually looking at the numbers. In my particular case, it was off by one number and you could look at the rusty nameplate on the dashboard, on the firewall, and see the number. But I kind of wonder why they bring it to Nebraska, maybe a Nebraska title is less suspicious than a title from Florida or California or somewhere. Maybe our reputation precedes us in a good way there. Thank you.

FRIESEN: Thank you, Senator Moser. Any other questions from the committee? So the, the gentleman in Massachusetts--

RON ROSS: Steve Labelle.

FRIESEN: The, the officer that inspected.

RON ROSS: Oh, yes.

FRIESEN: He did work for the State Patrol at one time?

RON ROSS: No, he, he was trained. He had certificates from-- that were signed by a lieutenant in the State Patrol. But he is just a local police officer.

FRIESEN: OK. So is he employed currently as a local police officer?

RON ROSS: Well, he's retired, but he's still working. I don't quite understand. He's on special assignment. He's able to come in and do traffic, work the desk, do these inspections. But he retired, but he's still working for them, if that makes sense.

FRIESEN: OK, I mean, I'm just looking at some of your numbers here. And I, you know, to do 15,000 cars in that time period, and if he's the only gentleman inspecting the cars, that's-- how many cars is that a day, 14 cars a day. I mean, he's, he's a busy guy.

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RON ROSS: Yeah, well, that's why he's-- Steve said that to have a state patrolman do it, they'd have to hire an officer full time just to do his inspections.

FRIESEN: So that's why my question was this language, if he is-- is he still employed as a police officer or a law enforcement officer today?

RON ROSS: It's my understanding that they call him in to work the desk or traffic when they need extra officers.

FRIESEN: So would he be considered a full-time employee?

RON ROSS: I, I couldn't answer that question. You'd have to ask Mr. Labelle.

FRIESEN: And I know and I think maybe Director Lahm will come up and clarify some things, but I-- we've had bills here in the past talking about why Nebraska is the place they do this, and it's because we're very efficient and we have a, a low price here and, and you recognize that. So I just-- I, I guess I'm looking at the numbers and I'm thinking it's, it's-- it seems like a lot of numbers for one guy to do while he's employed as a law enforcement officer. So to me, do you think it's really important for this person that's doing the inspection up there to be a full-time certified law enforcement officer?

RON ROSS: Do I think it's important, is that the question?

FRIESEN: Yes.

RON ROSS: I think that he's a police officer and whether it's a police officer, a state patrolman, or county sheriff, which they all can do it here in Nebraska, I think that he's probably well qualified. And I guess those numbers would kind of speak for themselves. They did 15,000 titles here without issue. And so I say that he, John McGinn would be fine, in my opinion.

FRIESEN: And that's where I'm having a little bit of a problem, because you're having one gentleman on that end of the process, others here who never see the car. But--

RON ROSS: Right.

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FRIESEN: --again, we'll, we'll get some more clarification, so. Any other questions from the committee? Seeing none, thank you for--

RON ROSS: I'm done?

FRIESEN: --thanks for your testimony.

RON ROSS: Thank you for your time.

FRIESEN: Any other proponents of LB574? Seeing none, anyone wish to testify in opposition to LB574? Seeing none, anyone wish to testify in a neutral capacity on LB574? Seeing none, Senator Bostar.

BOSTAR: Thank you, Chairman Friesen and members of the Transportation and Telecommunications Committee. I appreciate your time this afternoon. I, I just want to say that I, I really, I really do appreciate you taking the time to hear from a constituent of mine. It's a-- it's an issue that he's been dealing with and trying to resolve for several years now, and the, the, the legislative office for District 29 has been trying to find ways of, of, of sorting this out for several years. So I, I really want to thank you for, for being here and, and, and working this through with, with us. I would encourage you to review the letter from, from Senator Bolz and the AG Opinion as, as the response for, for additional context, if that's helpful. And I just want to say, again, thank you for your time.

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

BOSTAR: Thank you.

FRIESEN: That will close the hearing on LB574. OK, next, we will open the hearing for LB534. And for the record, Senator Day will be monitoring the hearing of LB534. She is at home due to the quarantining. And at the, at the end of the testimony, we will-- she will be allowed to submit some-- her closing in writing. And so we will have that available for you then. With that, welcome to Transportation and Telecommunications.

SAM HUPPERT: Good afternoon, Chairman Friesen and members of the Transportation Committee. My name is Sam Huppert. That's S-a-m H-u-p-p-e-r-t, and I'm Senator Day's legislative aide. Senator Day

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represents District 49, which covers northwest Sarpy County, including the areas of Gretna, Millard, western Papillion and La Vista. And I'm here this afternoon to read Senator Day's testimony into the record. My office was brought the idea for LB534 by a constituent who was selected to serve in the U.S. Foreign Service and is in the process of having his affairs in order for a possible long-term assignment overseas. United States Foreign Service is part of the State Department and represents the U.S. diplomatic interests abroad in over 270 embassies, consulates, and diplomatic missions. In addition to these missions, they also provide crucial support services and protection for Americans traveling and living out of the country. LB534 is a minor change that would add Foreign Service officers to the process that has been used by the DMV since 1971 for armed service members when their driver's license is due to expire when they're deployed out of the state. Generally, each Foreign Service assignment last two to three years. In Nebraska, you can renew a license online for three consecutive cycles. While this works well for most people, if you're a member of the Foreign Service and serving abroad for extended periods of time, it's possible that you'll happen to be serving our country overseas when your third renewal comes up, voiding your license. This becomes an issue for Foreign Service officers in the event that you need a valid license while serving, which becomes difficult if out of the state for an extended period of time. Foreign Service officers are not the only people who face this problem. Right now, Nebraska allows members of the armed service and their family members who qualify for the military exemption to have their license renewed when they send a signed letter and dated request, a readable photocopy of their Nebraska driver's license, and a copy of their current orders. You then receive what is called a Form 07-08, which attaches to your license. This exemption is not a full renewal, and service members have to renew their Nebraska license within 60 days of the end of their deployment or it becomes void. LB534 aims to give Foreign Service officers and their spouses the same flexibility that has worked well for armed service members, including the 55,000 U.S. active duty members stationed overseas in off-base private housing that take advantage of the overseas housing allowance. I'd like to make a quick note about the bill's small fiscal note. We were somewhat surprised to see that this bill carries a fiscal note at all, given that we copied the current process for active duty personnel that's present under Nebraska Revised Statute 60-4,121. We wrote the bill's

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text to provide an extension of the current license, the same process used for the armed forces. So we're not establishing any new requirement that would make armed forces and Foreign Service members register at a new address for their temporary service overseas. The DMV has been very helpful in walking us through the agency process that requires a new contact address and how foreign addresses do not fit into their database. Although the contact address is not a statutory requirement, overhauling their licensing system to accommodate their internal guidance will accommodate it into the fiscal projection. Other states have also passed this bill with no fiscal impact. For example, the same process of adding Foreign Service members to the military renewal exemption was done in California in 2019, where it passed their House and Senate unanimously and their state assembly found it had no fiscal impact. LB534 gives no restriction on the implementation in this area. But even in the event that there is no workaround, we think this one-time expenditure is a good opportunity to modernize procedures while helping Nebraskans serving abroad. To summarize LB534 is a minor change that removes an unnecessary burden on Foreign Service officers that would expire within 60 days of the end of their assignment. As the State Department notes, these are civil servants giving their careers to promote peace, support prosperity, and protect American citizens while advancing the interest of the U.S. abroad. I hope the Legislature can assist them in this effort by passing LB534.

FRIESEN: Thank you very much. Are there any proponents who wish to testify on LB534? Welcome.

SCOTT SMITH: My name is Scott Smith, S-m-i-t-h. Sorry about that, guys. I wasn't going to testify for this, but I think I should because I've got some experience.

FRIESEN: OK, go ahead.

SCOTT SMITH: I live at 5430 Mission in Lincoln, Nebraska. I was a-- I'm a nine and a half year Air Force veteran, and I ran into a situation very similar to this. We-- I was on flight crew in Qatar. And we have bus drivers there who, who, who-- I don't know if they're, I don't know if they're going to fall into the same category, but this guy was from Louisiana and his driver's license was getting ready to expire and he had to stop driving the bus because he extended when he

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was there and he was just a civil, just a civilian guy, he's just a contractor. He had to leave from Qatar, the Persian Gulf, go all the way back to Louisiana just to renew his driver's license and then go back. Just so you know, and that's all I got to tell you. But it's kind of interesting story and I think it's important for this situation.

FRIESEN: OK, thank you, Mr. Smith. Any questions from the committee? Seeing none, thank you for your testimony. Any other proponents? Seeing none, anyone wish to testify in opposition to LB534? Welcome, Director Lahm.

RHONDA LAHM: Thank you. Good afternoon, Chairman Friesen and members of the Transportation and Telecommunications Committee. My name is Rhonda Lahm, R-h-o-n-d-a L-a-h-m, and I'm director of the Department of Motor Vehicles. I'm appearing before you today-- sorry, to offer testimony in opposition to LB534. As introduced, LB534 extends provision currently afforded to active duty military members to an officer of the Foreign Service and their spouse and dependents. The provision provides for the operator's license to be valid during their time of active duty and for 60 days immediately following their date of separation. Under the provisions of the Real ID Act, the exemption for address verification of a physical address not located in the state of residence requires the use of an address convention used by the United States Postal Service, Army Post Office Box, or APO addresses, used on U.S. military bases conform to this standard. However, common addresses in foreign countries do not. While some Foreign Service officers may have an APO address, some may not, which places us in a position where the Department of Homeland Security can rescind our certification of being Real ID compliant, resulting in Nebraska residents being unable to use their state credential for identification for commercial airlines and access to federal buildings and property. To modify our current legacy system to accept an address which does not conform to U.S. Postal Service conventions is a major system modification, almost a rewrite of a segment of the system. The address convention touches every business process in the system of issuance. The system which maintains and updates driving records and the process for each, each of the 30-plus document types. The bill as written provides no definition of an officer of the Foreign Service. There are many persons who work for the U.S. Department of State out of country and jobs related to and in support of members of the armed

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forces and U.S. government operations in more than 270 posts overseas. Some of the occupations include teachers, technical assistance, healthcare workers, administrative positions, and private contractors. A specific definition is necessary to ensure the bill is implemented as intended if passed. In order to operationalize the bill, documentation would be required indicating when employment ended in order to calculate the 60-day timeframe for statutory requirements. For consistency with the requirements for active duty military personnel under the same provision, documentation proving the individual pays Nebraska state taxes would be required to ensure they are a resident of Nebraska. Should the committee choose to advance the bill to General File, we would request the implementation date be extended until at least January 1, 2023, due to the extensive programming required. Due to the reasons stated above, the Department of Motor Vehicles opposes LB534. Senator Friesen and members of the committee, I thank you for your time today and be happy to answer any questions you may have.

FRIESEN: Thank you, Director Lahm. Any questions for the Director? Senator Geist.

GEIST: I'll make this quick. Is this-- would this be part of the new software system you're moving forward with eventually?

RHONDA LAHM: So, you know, the previous bill that was heard by this committee and voted out on to General File is to modernize our driver's license system. But, you know, the recall of the data that is--

GEIST: Right.

RHONDA LAHM: --that that's a 10-year-out project for completion. I think of issue more than even just the programming to accommodate is the issue of Real ID compliance. And the federal rule is pretty clear that there are certain exceptions for not using an address of principal residence in your state. And those are an individual that's enrolled in a state address confidentiality program, an individual's address if it's entitled to be suppressed under state or federal law, or if the individual is in a protected disclosure under the illegal immigration reform. Otherwise, it says it, it has to be conformed to the U.S. Postal Service.

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GEIST: OK.

RHONDA LAHM: So--

GEIST: So there's probably--

RHONDA LAHM: --if there's even an address out of that puts us out of compliance.

GEIST: So there's probably no other state that's actually doing this.

RHONDA LAHM: Yeah, and I don't know, the previous testifier mentioned California. And I don't-- not familiar with their compliance efforts with Real ID, but the federal law is pretty clear.

GEIST: OK, thank you.

FRIESEN: Thank you, Senator Geist. Senator Moser.

MOSER: So if a Nebraskan is overseas more than four years and our license expires, we can't renew it remotely, we have to come back to Nebraska to get it renewed?

RHONDA LAHM: So you can renew online, as the previous testifier indicated every third time. So that bill was just changed in September of 2019. So right now, every single person is eligible to renew online. From 2019 to 2024, every single person will be eligible to renew online.

MOSER: So why is this a problem?

RHONDA LAHM: So I think in this particular incident, they wanted it mailed to a different address. They don't have-- they are not a resident of Nebraska. So military people who this applies for, they have to show us that they were actually a resident of Nebraska and paid taxes in Nebraska to qualify for this. So the, the gentleman that had previously contacted our office in a similar situation to this is not a resident in Nebraska. They had sold all their property in Nebraska and were currently living overseas. But they wanted a Nebraska document. And we can't-- I mean, the Real ID says they have to show they have an address here. Well, in military, that's the reason we require them to show their tax and earnings statement

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because that shows that they claimed residency in Nebraska during that time that they were on active duty and under order of the military.

MOSER: OK, thank you.

FRIESEN: Thank you, Senator Moser. Senator Bostelman.

BOSTELMAN: Yes, thanks, Chairman Friesen. My comment's pretty much what you said already, but for Senator Day, if she's watching or for her staff member, I think the real thing is to identify who your Foreign Service officer is. There are certain billets that do exist that are very narrow focused and very few that this potentially could address. But I think this is really wide, as what Director Lahm had said, that perhaps if you narrow your focus to meet some of the criteria that she spoke about, that that would satisfy probably their opposition and the need for any changes to the bill.

FRIESEN: Thank you, Senator Bostelman.

BOSTELMAN: Yeah, thank you.

FRIESEN: Any other questions from the committee? So the way I understand it, the address and whether or not they're residents of the state is probably the biggest obstacle of doing this because the Real ID requirements of the Federal Government.

RHONDA LAHM: Right. Yeah, I mean, they outline what we can accept as a principle address under the Real ID Act. And so it has to be an address in our state or those exceptions that I listed. And military-- the-- so the reason the military personnel apply or apply is because all military personnel, even if they don't live on base, have, have access to an APO address. So-- I'm sorry, Army Post Office Box. I'm sorry. That's so we can send it to that. That's the only place we've ever sent anything out of the country is to a APO address for a military person.

FRIESEN: And if that address is not available for that individual you couldn't do it.

RHONDA LAHM: Right. And I would, I would have serious concerns about sending documents with personal information or certainly documents to any post office or any address in a foreign country that is not

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directly to one of our military bases. Because if that gets intercepted, that's a serious fraud and, and security concern for me.

FRIESEN: OK. Senator Bostelman.

BOSTELMAN: Sorry, an embassy would probably satisfy, though, an embassy.

RHONDA LAHM: Yeah, something that we know, you know, has a secure way to get the mail to it.

FRIESEN: OK, thank you, Senator Bostelman. And thank you, Director Lahm.

RHONDA LAHM: Thank you.

FRIESEN: Any others that wish to testify in opposition to LB534? Seeing none, anyone wish to testify in a neutral capacity? Seeing none, we have a position letter in support from Kevin Griess, and that's all. And so with that, Senator Day will provide a closing statement to us within the next day or so and it'll be available on your drive. And with that, we'll close the hearing on LB534. I'm looking past you.

HUGHES: I can go.

FRIESEN: No, you don't look like him.

HUGHES: Thank you.

FRIESEN: While we're waiting for Senator Morfeld, I think we'll just move ahead with a, a, a hearing on LB508, Senator Bostelman. Go ahead.

BOSTELMAN: All right, good afternoon, Chairman Friesen and the Transportation and Telecommunications Committee members. My name is Bruce Bostelman. That's B-r-u-c-e B-o-s-t-e-l-m-a-n, and I represent Legislative District 23. I'm here today to introduce LB508. LB508 allows for a motor vehicle tax exemption on one motor vehicle owned and operated for his or her personal transportation by a veteran of the United States Armed Forces with a 100 percent service-connected disability compensation rate recognized by the United States Department of Veterans Affairs and who is also drawing on Social

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Security. That means that they cannot work or they do not work. It also grants the same exemption for a spouse of a deceased veteran who is receiving dependency and indemnity compensation paid by the United States Department of Veterans Affairs. LB508 inserts the definition of disabled or blind veteran found in Section 77-202.23 directly into Section 60-3,185, removing the reference found on page 2, line 23. The motor vehicle tax is a tax imposed on a vehicle during its initial registration annually for the next 14 years. This is not to be confused with the sales tax on the vehicle. The motor vehicle tax owed, owed is based on the MSRP price of the-- of your vehicle and percentage of the tax applied decreases over 14 years. The example-- for example, if a car is worth \$20,000, a tax on the first year would be \$300, and the tax on the second year would be \$270, and so forth. My intent with this bill is to allow disabled veterans who cannot work as well as families who have lost a spouse in the line of duty to receive some financial relief. Those individuals have sacrificed a great deal for our nation and any financial support will go a long ways. I do want to speak briefly, if you will, on the fiscal note that we saw. As you remember last year, LB325 I had, which was much broader bill, the fiscal note was lower than what this one is. So we've talked to the Fiscal Office and we're working on it. Basically, what-- if you assume that half of the 3,776, 100 percent service-connected disabled veterans, or that's 188,000 veterans live in the state of Nebraska receiving Social Security disability payments, and there are 1,750 DIC spouses in the state, there would be 3,638 individuals eligible for this tax exemption. If all of those individuals bought a brand new vehicle at the average price in the state every year, each individual would pay a total of \$2,256 over 14 years. OK, this averages out to about \$586,000 per year. That is, every one of those individuals buys a new car every year. Likelihood of that is pretty small. So the fiscal note you have before is at \$2 million. Obviously, we have a discrepancy. Obviously, we're going to work on it. That needs to change. A large portion of these individuals already own a vehicle and they may already have it, and may be a used vehicle, and these will substantially lower the amount of taxes that will be exempted by this bill. So therefore, I ask for your support on LB508 and its advancement to General File. With that, I will take any questions you may have.

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FRIESEN: Thank you, Senator Bostelman. Any questions from the committee? Seeing none, we'll now have proponents that want to testify in favor of LB508. Welcome.

GREG HOLLOWAY: Senator Friesen, members of the Transportation, Transportation Committee. I thought I'd be up in front of Revenue, which I would have been talking to you too. I'm glad to see it is in Transportation to be honest with you. My name is Greg Holloway, G-r-e-g H-o-l-l-o-w-a-y. I am the appointed representative for the Nebraska Veterans Council as a legislative advocate. So I represent probably over 50,000 veterans in the state of Nebraska, collectively. It's eight veteran organizations that are nationally chartered and recognized by the state of Nebraska. So-- and one County Veteran Service Officers Association. So this is like the fourth time we've brought this before a committee. I'm kind of a dog on it and I wasn't really going to even give [INAUDIBLE], but Senator Bostelman said, let's give it a shot. So let's give it a shot. And one of the reasons why we really want to do this is on 100 percent-- I'm, I'm personally I'm 100 percent service connected. I'm a combat wounded veteran. I was blown up by a grenade. So I actually have the ability to earn other income as 100 percent. But it's very difficult to actually earn extra income. So any money you can actually save, will go back in to feed my family or actually buying a set of tires for the car I want to get licensed. DIC recipients, which are the spouses of 100 percent service-connected disabled veteran that is deceased, their income, when that veteran dies, is reduced by over \$3,000 a month automatically. So they're in need of this more than anyone. The on service-connected veterans are on a static pension level because their income is all based on income. So if they're on Social Security disability, the VA will take money away from them. So they can only have so much money a month. So they're in below poverty level to start with. So any-- a nickel they can save anywhere is a nickel they could put back in, in food and medicine and care for their families. So this is one of the reasons that we feel that this is probably a necessary thing to do. Not all veterans are probably going to take advantage of it. Myself, I have a 2016. My newest vehicle is a 2016, which would be the one I would probably put on. And in Seward County, that registration fee is not very much. Now, I'd like for you to get this out of committee at least and get it to the floor. Odds are if you at least get it to the floor-- I got it out of committee the first year

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four years ago, but we couldn't get it to the floor and we couldn't get it anywhere else after that. Just get it out of committee. Help us out, get us out of committee, let him talk about it on the floor and make the decision. Never know if might shut me up. And that's a good thing, in some cases, people will say if you can finally shut Holloway up. I'm only 74. I'm going to be around for a lot of years. So I appreciate you listening to me. And if you just take a good look at it, it's beneficial to the citizens of Nebraska and those that are financially in need. And just asking you to get it out of committee, take a good look at it. And I think it's, it's a worthy issue for this time when money's tight. I know money's tight in the state, but looks like we're going to have some gambling money here one of these days. I'd like to see how to get some of that. So thank you again for your time and your indulgence. If you got any questions, I'll more than answer them. I was a county veteran service officer. I know how to implement this, how to verify eligibility, and I can assist with the verification of eligibility. Eligibility verification is very simple because you can get a letter from the U.S. Department of Veterans Affairs stating that you are rated and paid at a rate of 100 percent. Goes right to the Treasurer. The county assessors are getting it now on some of them. So it's pretty easy to verify eligibility for this. Simple, piece of cake. So got any questions, I'll sure answer them.

FRIESEN: Thank you, Mr. Holloway. You know, if we, if we get everything done you want, you won't show up and we'll miss you.

GREG HOLLOWAY: I'll show up, I'll show up just so you can see my smiling face if nothing else, but I'm very interested in veterans benefits. I've been doing this, I actually started working on veterans benefits with Governor Tiemann. That was in 1969. I'm one of the old guys around here and I've been steady at it since 1990. I do, I look after my veterans. That's my charge.

FRIESEN: We're kind of short timers up here.

GREG HOLLOWAY: OK.

FRIESEN: Any questions from the committee? Seeing--

GREG HOLLOWAY: Thank you.

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FRIESEN: Good to see you again. Any other proponents wish to testify? Go ahead.

SCOTT SMITH: Hello, my name is Scott Smith, S-m-i-t-h. I did talk to Senator Bostelman a little bit ago, so I think that some of the things that I want to say when I read this bill in the Unicameral Update, I think he's already kind of attacked. But I made it down here today and so I'd like to talk about it, if that's OK. This is a phenomenal bill, and I'm really grateful that you guys bring this up. I'm grateful for Colonel Brewer supporting it. And I'm, I'm just happy that you guys do so many good things for veterans. I personally am a 100 percent disabled veteran. When I was in Iraq, the burn pits got my lungs. And so I have like 29 percent lung function. And so my 100 percent disability is really important to me and it really helps the family. I have two kids and a wife. I guess I, I support this bill in that I'm grateful that we're trying to do things. And I want, I want you guys to know there's more to it. Me personally, I could, I could take Social Security. I could take SNAP. And between my wife and I, we feel that we don't need it. And we feel like it's our civic duty not to take more money from the government than we have to. And so, so we've done it. But I would like to support this bill. This bill would help. I think it would help a lot of people. Should tell you guys a little bit more about myself. I was in the Air Force for nine and a half years. I was in Iraq and Afghanistan. And I'm also the president of the Student Veterans of America at the university. I'm currently an engineering student. I'm sorry, I forgot to tell you that. But I would like just, just to tell you guys, I'm originally from Idaho, and when I compare Nebraska veteran benefits to Idaho, I'm blown away how much better we are here. And that's part of what keeps us here. And I don't know how many stories there are like that, but I-- I've heard that there are like, I think that Ted Carter, he's the new president of the university, I think he told me that there was like 300,000 veterans here in this state. I don't know if that's true or not, but there's a large number of us. And it's because of these amazing benefits that Nebraska continues to give. And I would just ask you guys to compare what he's-- what Mr. Bostelman's comparing, he would-- he's saying he wants us to have Social Security and an honorable discharge. I also am a-- I'm also a recovering addict and I, I do have an honorable discharge. And I know a whole bunch of veterans who don't have an honorable discharge because of their addictions, because of whatever

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they might have seen or whatever they went through when they were in the military. And so I would ask, I would ask for those amendments. I would ask to take away that Social Security requirement and I'd ask to take away that honorable discharge requirement that he's, he's put on there. Again, I love this bill, but it would also line up again with, I think everybody's aware of the Nebraska Homestead Exemption. And I think we're also aware of the DAV license plates that we have. And by striking those two things from his proposed legislation, they would line up with those two items, if that makes sense.

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

SCOTT SMITH: Thank you, guys.

FRIESEN: Any other proponents wish to testify in favor of LB508? Seeing none, anyone wish to testify in opposition to LB508? Seeing none, anyone wish to testify in a neutral capacity? Seeing none, Senator Bostelman, close on LB508. We do have one position letter of neutral from John Schmidt.

BOSTELMAN: I do want to correct my math. Thank you, Riley, for correcting me. So there's 3,776, 100 percent service-connected disabled veterans in Nebraska. That's-- if we take half of those, that's 1,888-- I said that wrong before, that would be receiving Social Security disability payments and there are 1,750 spouses. So our total then would be 3,638 individuals, potentially, theoretically, that would be eligible. And if you go through the 14 years, that's \$2,256 they would, they would owe in taxes or pay in taxes over that 14-year period. So really, it's a small number. I've really tried to target those who need it the most, I would say. It's not that other veterans don't. It's not that others who are disabled don't need it. But we've had a challenge, is what Mr. Holloway said, of getting this bill moved just because of the fiscal note. So we're trying to really target those, those in need. Those who would, who would really benefit the most from it. So thank you. I'd take any questions you may have.

FRIESEN: Thank you, Senator Bostelman. Any questions from the committee? Seeing none, thank you. With that, we'll close the hearing on LB508. Next, we'll open a hearing on LB448. Senator Morfeld. Since Senator Morfeld was late, he receives a demerit.

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MORFELD: Well, if that's the worst thing that happens to me today, it'll be a good day.

FRIESEN: Welcome, Senator Morfeld.

MORFELD: Senator Friesen, members of the Transportation and Telecommunications Committee, 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 today to introduce LB448. LB448, if enacted, would raise the fees for driver's license permits and state identification cards by \$3 to assist in making the State Patrol's retirement fund more stable without the required General Funds. With approximately 573,000 driver's licenses and state IDs issued each year, this would generate approximately \$1.7 million in annual revenue. The surcharge would be remitted to the State Treasurer to credit the State Patrol retirement fund. Given that members of the State Patrol put their lives in danger every day, I think it's important to make sure that their retirement funds remain stable, both to honor their-- the state's commitment to them, and to ensure the State Patrol remains a competitive place to work so that we can continue to attract the best and brightest troopers. For context, the Patrol's retirement fund is currently funded at 88 percent. State law requires General Fund dollars to be contributed to the plan when the state's actuary determines that future funding won't be enough to cover the retirement benefits. In fact, last year the plan required an additional \$4 million in state contribution. This contribution is in excess of what was planned for by the design of the plan. Our bill would be attempting to put a dent in this number so we do not have to come up with the full \$4 million or so every year in General Funds to put the gap in the plan-- to plug the gap in the plan. The more General Funds we preserve, the more funding we have for other priorities, such as education and property tax relief. The state troopers have a wide ranging law enforcement roles across the state, but given their important role in keeping Nebraska's roads safe, our busiest roads, in fact, the driver's license fee seems like a sensible place to generate revenue for this important retirement fund for some of our most important public servants. I urge your favorable consideration of LB448, and would be happy to answer any questions.

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

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GEIST: I have one.

FRIESEN: Senator Geist.

GEIST: Thank you for bringing this to us. And I just wonder-- I, I know that this past year the Appropriations Committee added \$4 million. Do you know how frequently we have to add from the General Fund into the pension fund to backfill that total? Is it every year?

MORFELD: I, I don't know, Senator. And I think there's somebody behind me that is-- can maybe testify to that. But I do think it's fairly frequently.

GEIST: OK.

MORFELD: So.

GEIST: Thank you.

MORFELD: Yeah.

FRIESEN: Thank you, Senator Geist. Any other questions from the committee? Seeing none, you going to stick around?

MORFELD: I will try to stick around. We have an Education Exec at the top of the hour, so.

FRIESEN: Proponents who wish to testify in favor of LB448. Welcome.

MATT SCHAEFER: Good afternoon, Chairman Friesen, members of the committee. My name is Matt Schaefer, M-a-t-t S-c-h-a-e-f-e-r, testifying today on behalf of the State Troopers Association of Nebraska in support of LB448. The president of our association intended to testify today in support on this, but is tied up serving a warrant. So I am testifying as his replacement. Somebody's going to have a bad day. I and the members of STAN do want to express our gratitude to Senator Morfeld for introducing this important legislation. And in, in my conversations with troopers, it is apparent how important the defined retirement benefit is to them to, to have-- to be joining the Patrol and to staying with the Patrol. Other law enforcement agencies are always attempting to convince members of the Patrol, the state troopers to transfer laterally to other agencies

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within the state and within or in, in, in other states. Because of that, it's important to us that the plan stay funded. And as Senator Morfeld, I think, noted, it's at an 88 percent level, which is pretty good compared to many other plans, but still leaves that gap in funding. Currently, the plan is funded through a 16 percent percentage of pay contribution from both the State Patrol as the employer and from the trooper from them individually. But as Senator Morfeld knows, there's still a gap-- or, or noted, there's still a gap in funding requiring that additional state contribution every year. And I just checked the actuarial plan and there's been a required contribution since 2003, and, and different levels every year. But I, I think I saw one every year since 2003. With that, I'll, I'll wrap up and take any questions. Thank you.

FRIESEN: Any questions from the committee? Senator Albrecht.

ALBRECHT: Thank you, Chairman Friesen. And hopefully you can help me understand how, how this works. So the fund that they have for these-- for the State Patrol for their retirement, does it not-- is it not an investment plan that multiplies over time, or is it a poor investment area? Why would we have to kick in that much money? And you're talking every year this is going to generate \$1.7 million and it's going to go into the retirement fund?

MATT SCHAEFER: Yeah. So, so this bill would generate that every year into the retirement fund. The first part of your question. Yes, the, the retirement fund is invested along with the teachers' retirement fund and the judges' retirement fund with the state retirement board. And there's an investment council that manages those investments.

ALBRECHT: So over the last three to five years, they've had trouble with that?

MATT SCHAEFER: I, I don't think it's necessarily an investment problem. I think it's an underlying problem with the amount of benefits versus the amount of contributions. And they're not-- the amount of contributions are not sufficient for the benefits that are expected to be provided over the, the life of those troopers.

ALBRECHT: So do you attend the meetings with the Retirement-- with Senator Kolterman's committee? Do you ever attend?

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MATT SCHAEFER: We, we do frequently, yes. And it should be noted, I think in 2017, the Legislature did pass changes to the trooper retirement. They're only effective towards new hires that are hired after that date that increase the contribution levels. So, so those hires will pay 17 percent of their salary. And it also, I think, caps benefits at a different calculation than the current, or the previous calculation was. So, so the Legislature has taken a crack at shoring up the long-term funding of the plan.

ALBRECHT: Thank you.

FRIESEN: Thank you, Senator Albrecht. Senator Hughes.

HUGHES: Thank you, Chairman Friesen. Thank you, Mr. Schaefer, for being here. So is the retirement fund a defined benefit plan currently for all troopers or just those prior to hires of 2017?

MATT SCHAEFER: It's a defined benefit for both.

HUGHES: OK.

MATT SCHAEFER: It, it is, and it remains a defined benefit for the new hires as well.

HUGHES: OK. So what-- do you know what the criteria is for retirement from the Patrol? How many years of service?

MATT SCHAEFER: I do. The-- there's a couple of different ages. But essentially, if you reach the age of 50 with 25 years of service, that would be the, the retire-- the-- your retirement age. You would be eligible to retire at that point.

HUGHES: OK. So do we have a kind of a cliff that we're heading toward with the baby boomer generation in the Patrol that we need to be concerned about more than normal retirement coming up?

MATT SCHAEFER: I'm not sure I'd call it a cliff, but I, I do know maybe four to five years ago there was a period where the incoming trooper class was in the single digits year for, for, for the new hires. I think we're up to 20, 25 now in a trooper class. But there was a period of time where we were not getting new troopers in. So I, I, I do think that that is a problem. And the document I'm combing

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through lays out those numbers in detail. And I can provide that all to you after this.

HUGHES: OK, thank you.

FRIESEN: Thank you, Senator Hughes. Senator Moser.

MOSER: What is the defined benefit? What percentage of their salary do they retire with?

MATT SCHAEFER: Yeah, it's 3 percent of their final average compensation times the-- their service years, and then there's a cap.

MOSER: Three percent.

MATT SCHAEFER: Three percent of their final compensation multiplied by the years of service.

MOSER: So if they're 40 years they get 120 percent?

MATT SCHAEFER: I think there's a cap.

MOSER: Probably a limit.

MATT SCHAEFER: Yeah, there's a cap of 75 percent of your final--

MOSER: Seventy-five is the maximum?

MATT SCHAEFER: --of your final wage. Yeah.

MOSER: OK, thank you.

FRIESEN: Thank you, Senator Moser. Any other questions? Senator Hughes.

HUGHES: Yes, thank you. So is there any restrictions on employment once you've retired from State Patrol?

MATT SCHAEFER: I'm not aware of any.

HUGHES: OK, thank you.

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FRIESEN: Thank you, Senator Hughes. Any other questions? So the stock market has been on a 10-year rampage almost. Why is-- what's the return on your-- the plan?

MATT SCHAEFER: I do have those numbers somewhere. I know there were a number of bad years within those 10 years. I sent-- the investment council uses about a 7.5 percent rate of, rate of return. So that's what the actuary is assuming we will generate every year on our investments.

FRIESEN: Is that the same as our--

MATT SCHAEFER: And then that's factored in.

FRIESEN: --is that about the same as our other plans that our investor-- investments in Nebraska makes?

MATT SCHAEFER: It would be similar among the state retirement plans. Yes. I, I don't know what other local plans would use.

FRIESEN: OK.

MATT SCHAEFER: I think that's a similar-- I think that's an industry standard number.

FRIESEN: Seven and a half percent.

MATT SCHAEFER: Yeah.

FRIESEN: And yet we've added into it every year since when? We've added--

MATT SCHAEFER: The, the additional required contribution, 2003.

FRIESEN: 2003. And we, we contribute to that-- to the General Fund every, every year?

MATT SCHAEFER: That's my understanding, yes.

FRIESEN: So what is the, what is the percentage insolvency right now? Are we at 80 percent, 85 percent?

MATT SCHAEFER: Eighty-eight.

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FRIESEN: Eighty-eight?

MATT SCHAEFER: Eighty-eight.

FRIESEN: OK. OK, seeing no other questions. Thank you for your testimony.

MATT SCHAEFER: Welcome.

FRIESEN: Any others wish to testify in favor of LB448? Seeing none, anyone wish to testify in opposition to LB448? Welcome, Director Lahm.

RHONDA LAHM: Thank you. Good afternoon, Chairman Friesen and members of the Transportation and Telecommunications Committee. My name is Rhonda Lahm, R-h-o-n-d-a L-a-h-m, and I'm director for the Department of Motor Vehicles, appearing before you today to offer testimony in opposition to LB448. As introduced, LB448 proposes a \$3 surcharge for each document issued by the Department of Motor Vehicles to be collected and deposited into the-- in whole into the Nebraska State Patrol retirement fund. Nebraska statute currently authorizes a security surcharge for purposes of compliance with the Real ID Act. This relates to the hard cost to produce the documents, which is the same for all of our different documents that are produced. The surcharge proposed in this bill creates disparate impact to certain document holders and establishes precedents for the functions performed by the DMV to become the revenue source for programs unrelated to the DMV in lieu of a General Fund appropriation. For example, a resident who applies for a learner's permit, which is valid for one year, has a statutory fee of \$8 to pay a 37.5 percent surcharge. Persons who are holders of farm permits, which are valid for six months to three years and have a statutory fee of \$5 and pay a 60 percent surcharge. Persons eligible for a limited-term license generally one to two years and pay a statutory fee of \$5 or \$10 per document, the surcharge is 60 percent or 30 percent, respectively. Persons who have their license revoked will be assessed the fee upon reinstatement for their license, as well as for any special permits during the revocation period. Students and others who temporarily relocate to another state are issued a document in that state and return to Nebraska will be subject to the surcharge. Persons who misplace or lose their license are subject to a 27 percent surcharge of the statutory fee of \$11 for a replacement license. The department

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has consistently taken the position fees collected by the depart-- department should be used to offset the costs associated with providing the services of the department. Lastly, the January 2021 publication of retiree update published by the Nebraska Public Employees Retirement Systems had a front page article entitled, quote, Plans Funded Status, unquote. The article reported the Patrol and school defined benefit plans again reported improved funded ratios. The last sentence of the paragraph states, quote, We can proudly say the Nebraska defined benefit plans remain on strong financial footing despite the recent economic tremors, unquote. Excuse me. Based on that information, the surcharge directed to the State Patrol retirement funds appears to be unnecessary. Due to the foregoing reasons, Department of Motor Vehicles opposes LB448. Senator Friesen and the committee, thank you for your time. I'd be happy to answer any questions you may have.

FRIESEN: Thank you, Director Lahm. Senator Geist.

GEIST: Sorry. I have a lot of questions today. Could you tell me Director Lahm, what's the cost of a state ID? Not a driver's license, just a state ID.

RHONDA LAHM: It's-- a state ID and a driver's license for equal periods of time are the same fee.

GEIST: OK.

RHONDA LAHM: So same, same statutory fee and it varies whether it's valid for less than a year, one year to two years, two years to three years, three years to four.

GEIST: OK.

RHONDA LAHM: But a, a five-year document is \$24 for five years.

GEIST: OK, thank you. That's all.

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

RHONDA LAHM: Thank you.

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FRIESEN: Anyone else that wish to testify in opposition to LB448? Seeing none, anyone wish to testify in a neutral capacity? Seeing none, Senator Morfeld, you may close.

MORFELD: Well, first off, I want to thank the committee for reserving all questions about the plan to Mr. Schaefer. He has all the information. That, that being said, just, just in response to Director Lahm's comments, certainly I think that because we're prudent, our plan, our retirement plans in Nebraska are pretty sound financially, but they're sound financially because we took action to make them sound and we continue to take action. And that's, that's the goal that I'm, I'm trying to achieve today. One of the things that surprised me and I couldn't remember the exact number, so I won't repeat it right now. But I remember sitting down with the State Patrol and asking them what do they start their troopers at? And when they told me what they start their troopers at, I realized that at my nonprofit, we actually start our staff higher than state troopers. And the folks at my nonprofit do great work. They deserve that pay. That being said, I thought it was interesting that people with a certain level of responsibility and danger that they put themselves in front of every single day are starting less than what the average person in a nonprofit starts, starts at. And, and we start our folks at the 50th percentile, but higher for the industry. And so we're not-- we don't have exorbitant wages or anything like that. And so, so that was a real kind of lightning bolt-- light, light bulb moment for me in the sense that the retirement fund really is an important way to pay back our public servants. And it's also an important incentive to continue to serve with the state and be taken care of after they put in years of hard work. So that's the purpose behind this. I'm happy to look at other ways of funding this, certain levels of funding if we're not comfortable with the \$3 mark. I do think that while it does not directly go into creating the driver's licenses and paying for Director Lahm's department and I, I appreciate her testimony. I have a lot of respect for Director Lahm. I do think that given that they keep the roads safe that's required to be safe, hopefully, with the driver's licenses and, and the permits, I think there is a logical connection there. So I'd be happy to answer any questions.

FRIESEN: Thank you, Senator Morfeld. Any questions from the committee? Seeing none, I, I thought I heard you say we should start taxing

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nonprofits so that we could raise the pay of state troopers. Is that what you said?

MORFELD: We actually already tax nonprofits. We pay sales tax. We pay property tax unless you're a church. Anyway.

FRIESEN: Thank you, Senator Morfeld.

MORFELD: Thank you, Senator Friesen. We pay payroll tax.

FRIESEN: With that, we will close the hearing on LB448. Next, we will open the hearing on LB616, the distinguished Senator Hughes.

HUGHES: Good afternoon, Chairman Friesen, members of the Transportation Committee. I am Senator Dan Hughes, D-a-n H-u-g-h-e-s, and I represent the 44th Legislative District. I am here today to introduce LB616 and I will be brief. This bill will increase the minimum value of an abandoned vehicle from \$250 to \$500, making it easier for either the towing company or the law enforcement agency to declare it abandoned. As of right now, the towers are being forced to store abandoned vehicles that may not even have any value except as scrap metal. The second thing that LB616 does is to require law enforcement to follow the same 15-day notification that a towing company must follow. It is not uncommon for a tower to have a vehicle on their lot for an extended amount of time, while the tower waits for law enforcement to give notice to the last owner of the vehicle or to the lienholder. In the meantime, the vehicle is taking up space in the tower's lot and the tower is not being financially compensated for the storage or recouping any of the towing charges. I will ask for a slight committee amendment. Visiting with one of the lobbyist, they did point out that we did need to make a change. And I have been in-- my office has been in contact with Committee Counsel Vinton. On page 3 of the green copy, the first line, it says "registered owner or lienholder." It probably should say registered owner and lienholder. So that would be a, a committee amendment that I would appreciate. And I would be happy to answer, try to answer any questions for you.

FRIESEN: Thank you, Senator Hughes. Any questions from the committee? Seeing none--

GEIST: I do have--

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FRIESEN: Senator Geist.

GEIST: Of course. I can't let you get off without a question. In transferring this responsibility or sharing this responsibility with the State Patrol, is this something the State Patrol does anyway? Or do they-- would they have to have a new employee or do, do they have someone that sends out this notification currently?

HUGHES: You know, I am not aware of that. The law enforcement, not state patrol, law enforcement, whether it's a county sheriff or city police department or State Patrol, depending on where the abandoned vehicle or the towed vehicle was picked up, who has jurisdiction. And there may be-- there are probably people coming behind me that could be more clear on that. But they do have to now provide the follow up on the information of, of ownership and lienholder. It's just that they don't have to adhere to the same timeline that private industry is doing. And it's, it's causing a problem for the towing companies because they-- a lot of them only have a certain amount of space that they can park vehicles. Plus, they're not getting paid for the towing service on, on these abandoned vehicles.

GEIST: So they have, like, 30 days, for instance, and the towing company has 15. Is that-- I'm, I'm-- just as a hypothetical, I under-- is that what you're saying, that you want them to both have 15?

HUGHES: The same, the same amount of time to get the paperwork done.

GEIST: OK.

HUGHES: The, the towing companies have a tighter timeline than law enforcement does.

GEIST: Got you. Thank you.

HUGHES: And I'm, and I'm sure there's someone behind me that can explain that better.

GEIST: OK.

FRIESEN: Thank you, Senator Geist. Any other questions from the committee? Seeing none, proponents that wish to testify in favor of LB616.

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JO HITZ: Good afternoon, I am Jo Hitz, spelled J-o H-i-t-z. I'm the president of the Professional Towing Association for the State of Nebraska. Me and my husband also operate a towing business located in York. So just to answer your question, law enforcement right now does currently provide the notification to previous owners and lienholders on vehicles that have been towed. The problem is, is they're not confined to any time constraints. So therefore it's open-ended on their part as to when they will actually process those vehicles. So hopefully-- you know, privately, when we tow vehicles off of private properties, we are mandated by the 15-day requirement to have to provide that notification to owners and lienholders as to the situation of their vehicle.

FRIESEN: Thank you for your testimony. Senator Albrecht.

ALBRECHT: Thank you, Chairman Friesen. And thank you for your testimony. So help me understand, what does this \$250 do right now?

JO HITZ: So I believe how that statute is written, if the vehicle is considered of that value or less, they can actually immediately deem the vehicle as abandoned and dispose of the vehicle without the notification.

ALBRECHT: So if I own this car and it's worth \$200 and they're going to charge-- would they be charging the owner to get it out \$250?

JO HITZ: I think the, the dollar value is just a value set on the, on the value of the vehicle. That has nothing to do with the fee against the vehicle.

ALBRECHT: OK, so, I guess I don't-- why do, why do you put a lien on somebody's title because it's been towed to a facility? I, I don't understand that. Help, help me understand why you do that.

JO HITZ: I guess I don't understand.

FRIESEN: I think I can clarify if I ask you a couple questions. Is that all right?

ALBRECHT: Yes, go right ahead. Thank you.

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FRIESEN: So could you explain a little bit, like when a law enforcement calls you to tow a vehicle off the interstate. Who pays what and what happens to that vehicle if it's abandoned, the license plates on it? Go through that process.

JO HITZ: OK. So typically any law enforcement agency can authorize the removal of a vehicle that has been abandoned on state highways or in certain situations that are listed in the, in the statute. Those-- they have local towing companies remove those vehicles at no expense to the law enforcement agencies. The towing companies tow and store those vehicles indefinitely until the law enforcement agency who caused it to be removed processes that vehicle for abandonment.

FRIESEN: Further questions, Senator Albrecht?

ALBRECHT: Yes. OK, so--

JO HITZ: So they are saying if that vehicle they have towed has to meet those requirements, I believe, like, doesn't have plates on it, it's considered under \$250 worth of value. Those vehicles don't even require the last person notification process. They can immediately consider that a destitute vehicle and just immediately forego that procedure just to get rid of that vehicle.

ALBRECHT: OK, so I just remember having this situation when I was at a county level. What do you do as a tow company with that vehicle if no one ever shows up? So then do you become the owner of it after so many days or how does that work?

JO HITZ: So if it was towed for law enforcement, we will wait for law enforcement to do their procedure to obtain the title for the vehicle. They, in turn, will give you the title to the vehicle in lieu of your tow and storage fees.

ALBRECHT: Very good. OK, so I still don't understand why would we be raising this from \$250 to \$500?

JO HITZ: Just-- I think that's putting a monetary value of a derelict vehicle.

ALBRECHT: So even if it were a vehicle that was worth \$2,500 or \$5,000, that \$500 would cover whose costs? Is it, is it a covering of

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costs? That's where I'm, I'm stuck here. What, what, what does this lien of, of \$500 due to the vehicle?

JO HITZ: The, the 500-- the dollar value of the vehicle that is being towed, so it's just a subjective value that's set on that vehicle that has been removed from the highway. If, if the law enforcement agency feels that that vehicle is less than \$500 worth of value, then they do not have to do the notification process. If it's a vehicle that is above that value, then they must do the, the process by contacting the last registered owner and lienholder.

ALBRECHT: OK. So do you get paid then?

JO HITZ: No.

ALBRECHT: So you still don't get paid, why do you do it? Why would you store a car and not get paid and still go out in the middle of the night and pick it up? I mean, surely, there has to be something in it for the tow company is what my question, I guess, would be.

JO HITZ: It is not in that specific vehicle.

ALBRECHT: Not on a vehicle like that, that--

JO HITZ: Correct.

ALBRECHT: --nobody-- no one comes back to get it. Somebody doesn't owe anybody anything.

JO HITZ: Correct.

ALBRECHT: And there's-- but there is a title out there on that vehicle to somebody.

JO HITZ: Somewhere.

ALBRECHT: So how do you ever get the money for those vehicles? Does the vehicle become yours you said because they give you the title to it if nobody shows up?

JO HITZ: Yeah, so, so I'll use the State Patrol as an example. What the State Patrol will do is they will process that vehicle. They will

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ask us to mail them a copy of your tow and storage fees against the vehicle, which typically can take anywhere between four to eight months. So you'll have a pretty significant storage bill against that vehicle for that extended period of time. They will then give you a bill of sale that shows that you paid that dollar value for that vehicle to justify them giving you the title to the vehicle.

ALBRECHT: Very good. Thank you.

FRIESEN: Thank you, Senator Albrecht. Senator Moser.

MOSER: So if the vehicle is not worth the towing fee, the owner is going to abandon it. And this raises it from \$250 to \$500. And they may junk them if they really are only worth 250 bucks. Sell the catalytic converter, the battery, pay the fee on the tires, and get steel out of the-- you know. And it just makes it quicker for them.

JO HITZ: Correct.

MOSER: If it's a \$2,500 vehicle, when the State Patrol contacts the owner-- say, it's my car, I left it there. If it's a \$2,500 dollar car, I'll probably pay the towing fee and go get it fairly quickly. But if it's a wash or 50/50 or I'm worried about what's in the car, if you really look closer, I mean, there's just a lot of-- you know.

JO HITZ: Got you.

MOSER: Because at the city we, we used to have 100 cars a year that we'd sell at our surplus auction and you'd be surprised the stuff you find in them. We found syringes. We found tools, underwear.

ALBRECHT: Yeah, that's all right.

FRIESEN: Thank you, Senator Moser. I've got a picture of it now. Any other questions from the committee? Seeing none, thank you for coming in to testify.

JO HITZ: Thank you.

FRIESEN: Any other proponents wish to testify on LB616? Seeing none, anyone wish to testify in opposition to LB616? Seeing none, anyone with to testify in a neutral capacity? Seeing none, Senator Hughes,

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you can close. We have a, a letter in lieu of in person, neutral from Jon Cannon at NACO.

HUGHES: Thank you, Chairman Friesen, members of the committee. The, the reason this bill came up was I had a individual, actually not in my district, but lives along the interstate. So there are multiple abandoned vehicles or the towing company usually is associated with the repair shop. So if somebody breaks down on the interstate, they get towed in by a tower/repair shop and they'll get an estimate on the repairs. And if the repair bill's \$1,000, the car may not be worth that amount. So they show up, take the plates off and walk away. So the tow company is stuck with the vehicle, no title, no owner. So this is just allowing the process to speed up for law enforcement to find the, the owner or the, or the lienholder. If there's a bank out there that has a lien on that vehicle, that's where lienholder comes in to try and get that out of their hair, you know, rather than having an abandoned vehicle sitting on their lot taking up space for six to eight months and not being paid for going out and towing because that's, you know, \$200, \$300 there. And this, this vehicle that's not worth fixing is only worth weigh out price, scrap iron, which is probably \$200 because scrap iron prices are way down. So it's a lose-lose for the towing company. So this is just a way to expedite the process. So they're not continually getting deeper and deeper into the hole by storing these vehicles, getting out of their inventory so they don't have to have a bigger lot to hold more of them. And there are more and more junkers, if you will, that are traveling down the road. And the towers, my understanding, they have kind of a-- law enforcement kind of uses a rolling index of the towers. So they don't-- whatever the accident is, whoever's on the top of the list gets called to, to go tow so one person-- they don't-- they're not favorites. And one person doesn't get the, you know, the \$20,000 car and somebody else gets the \$200 car. So it's, it's kind of a jackpot as to what you get. But if you want to be in the business, you know, there's no perfect job. You've got to take what you get. I hope that answers your questions.

FRIESEN: Any, any questions for Senator Hughes? Senator Moser.

MOSER: Well, just kind of a line of support is otherwise the state would have to pay the towers and store the vehicles and then the state would have to take care of them. And we did that in Columbus and

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sometimes we lucked out. Cars would bring 700, 800 bucks at an auction. But I don't think the state wants to store cars. And this right now doesn't cost the state anything. The towers are assuming all the responsibility and liability because if they screw up and sell a car that there is a lien on or, or it gets stolen off their lot or something, I don't know, maybe they're responsible for all that. So I don't think, I don't think the bill is unreasonable at all.

FRIESEN: Thank you, Senator Moser. Senator Albrecht.

ALBRECHT: I just have another comment. So I'm thinking about how a particular tow company, which I won't mention, did not allow people enough time to get that car paid for and off their lot so they would just not give it back to them. So is there a time frame for this \$500? Do you have to reach the \$500 when she talks about the actual time on the lot and the amount to tow it? Let's say the towed amount was \$200 dollars to get it off the interstate into their, into their lot and then another--

HUGHES: This is, this is-- Senator Albrecht, this is not an accumulating number. This is a value assigned to that car.

ALBRECHT: Just a value assigned to the car. So they're still not going to get anything. So-- but would this happen within a ten-day period, a, a two-month period, an eight-month period?

HUGHES: Well, that's, that's what we're trying to do, is to get that time period closer to--

ALBRECHT: The 15-- you said 15 days.

HUGHES: --the 15 days. The, the towing companies have to get it resolved within 15 days. They've got to find out who the title or lienholder is. Law enforcement does not have to adhere to a timeline.

ALBRECHT: So at the 15-day mark is when they can determine, hey, they're not calling me back, we can't find anybody. It's an abandoned vehicle. It is now ours to do with what we want and they have--

HUGHES: Well, the law enforcement has access to the-- to a, a federal database that has the VIN numbers that they can track a car. That's an expense for the towers. So this is something that law enforcement has

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access to do. They're just not doing it in a timely fashion. And the \$200, that's the value of what's left. So we're trying to raise that to \$500 because a \$250 car is-- nobody's going to come after it. Not many people are going to come after a \$500 car just because values have gone up. So we're trying to adjust for inflation. So, you know, people will walk away from a-- an abandoned vehicle for whatever reason. They don't have money to fix it. But if it's 500-- worth \$500 or less, then it eliminates a lot of paperwork and the towing company can dispose of it quicker to make, make their job easier.

ALBRECHT: OK. Thanks.

FRIESEN: Thank you, Senator Albrecht. Seeing no other questions from the committee, Senator Hughes,--

HUGHES: Thank you.

FRIESEN: --thank you for your bill. We'll close the hearing on LB616, and we'll close the hearings for this afternoon.