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Transportation and Telecommunications Committee February 1, 2022
Rough Draft

SALLY SCHULTZ: I'm going to turn this broadcast on. We're recording.

FRIESEN: OK. Welcome to this afternoon's hearing of the Transportation and Telecommunications Committee. I'm Curt Friesen from Henderson, the Chairperson of the committee, representing District 34. A few procedural items: please silence all cell phones, electronic devices. We'll be hearing the bills in the order listed on the agenda and I may have to adjust that as senators come and go today so we're going to kind of play that by ear. Those wishing to testify on a bill should move to the front of the room and be ready to testify. We have an on-deck chair up front so the next testifier will be ready to go when their turn comes. 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 ten copies and one of the pages could assist you with that if you need help. When you begin your testimony, it's very important that you clearly state and 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. The acoustics in this room are challenged at the very least and so everyone must speak directly into the-- and clearly into the microphone. We use the light system in this committee. Beginning with a green light, you have five minutes for your testimony. Yellow light indicates you have one minute left and when the red light comes on, you need to wrap up your testimony. Committee counsel, Mike Hybl, on my right. Committee clerk, Sally Schultz, on my left and we have Natalie and Joseph here for pages today so thank you for coming. And with that, we'll start deductions on my right.

ALBRECHT: Hi. I'm Joni Albrecht, District 17: Wayne, Thurston, Dakota, and a portion of Dixon Counties.

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

MOSER: Mike Moser from District 22. It's Platte County and parts of Stanton County.

FRIESEN: Thank you. And with that, we will have senators probably coming and going as we get started. We'll wait for Senator Cavanaugh to introduce himself and then we'll get started.

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

FRIESEN: OK. With that, we'll open the hearing on LB958. Welcome, Senator Groene.

GROENE: Thank you, Chairman Friesen. This bill originated from a-- during debate last year on a bill to create a ten-year period where they, where they created a replacement to the-- for the records, records program at the Department of Motor Vehicles. Senator Ben Hansen introduced an amendment and I caught on with him what he was doing. During that debate, we talked to the Chairman and the Department of Motor Vehicles and we tried to work something out, but at the end of the day, it didn't happen. What-- the emphasis of this is that it took me seven years to figure this out, but we are high in taxes, we were high in fees, we are high about everything in this state. And the definition of a fee normally is it's a charge to provide for a service. But we don't do that in the past in this body with Department of Motor Vehicle fees, well, we've used it as a tax, not as a fee because in this case, the fee that is collected is 58 and one-third percent of it goes to the General Fund, which has no common sense because the Department of Motor Vehicle is not funded with any General Funds. It is completely funded by fees. So why are we can-- why are we charging the consumer a higher fee than what the service they are rendered? So what this bill does, it does no harm to the plan that you-- this committee put together last year to replace that computer software and the program to keep the records modernized. What it does, it follows the intent of last year's legislation that through 2032, an extra \$4.50 is collected and put it into this fund to replace the, the, the computer program. And so what this bill says is all right, after 2032, we'll drop the fee to \$2.50 instead of keeping it at \$4.50 and we will make up that \$2 that we, that we lowered it by the original \$3, no longer 58 and one-third percent will go to the General Fund. It will go to the motor vehicles cash fund because actually, that's \$1.74 the DMV would lose. Well, they wouldn't lose it, very little at all. The fee would go down \$2, but the General Fund would not get any of the money from the \$3. That would go to the Department of Motor Vehicles too. We would eliminate any of the fee going to the General Fund. It would be used for the services rendered, so-- and also the other change is during debate last year, they said that service on the new program would probably be around \$2 million or something. Beyond me, for a state this size, for one computer program to have a service maintenance fee of 2-- over \$2 million, but the problem we've seen was you put money aside for one purpose and there's

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only one company that can service this, the one that sold it to you, they'll look-- every year, they'll look and see how much money does the state of Nebraska having the service fund only for this program? And guess what they'll charge the state of Nebraska? If we put the money into the, the, the Department of Motor Vehicles cash fund, then the department can negotiate a service fee, a service contract because that money then can be used for any purposes they, they needed it to. If you put \$2 million in there a year, \$3 million or 4-- like \$4 million in a year, it's got to be one purpose. If you put it in the cash fund, they negotiate a \$2 million maintenance contract, they've got \$2 million to spend on other things or lower fees. It gives the management better, better control of the funding. So in other words, we're not taking money away from, from Department of Motor Vehicles. We're taking away from the General Fund. That's what we're attempting to do. And then also in the bill, the original bill, there's really no requirement for Department of Motor Vehicles to keep the committee informed and the Legislature informed of where they are with replacing that system because it's ten years. All of us will be gone in ten years. Then all of a sudden, boom, ten years from now, they're buying a, buying a new computer program and who's ever on a Transportation Committee has no idea what's happening because there has been no requirement to keep the committee informed on the progress of the replacement. It's a simple bill, consent calendar bill. But no, it's a-- it follows what, what the debate last year and basically it was-- Senator Hansen's amendment was we met again with DMV and said what would work for you? Not that they have, not that they agreed or disagreed. They are not in that position to do it, but we did discuss it with them. Any questions?

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

GEIST: I do have one.

FRIESEN: Senator Geist.

GEIST: It-- thank you. Sorry. In your conversations with the DMV-- and I'll ask them when they come up as well, but I know with some other agencies that I've worked with when they do have maintenance, ongoing annual maintenance, it's usually what-- in my experience, this could be totally different, it-- but it's at a set price annually. Is that what you found out in discussing with them?

GROENE: We're talking ten years out here, so we don't have any-- they have no idea what the management fee--

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GEIST: OK.

GROENE: --is. They have no idea what the computer program system works. So what we're doing-- what I'm saying to say is why lockbox a certain amount of money? By the way, they could have-- that, that fund, it still exists, the maintenance fund. Over-- don't quote me, but if I remember right over a ten-year period, they could-- it could collect over \$50 million and then they could buy the program maybe for \$30 million. There's going to be-- there could be 20, 20-- \$15 million, \$20 million sitting in that, that they have banked ahead of time for maintenance. So why bank more when you could use it in their cash fund for a lot of purposes? And then when the money runs out in the maintenance fund, they are free to negotiate the, the service contract without having that money sitting there and in the contractor knowing they've got this much, it's my money. They can't spend it anywhere else so we'll-- here's what we'll negotiate what you have in that fund is the way I see it.

GEIST: I understand. OK, thank you.

FRIESEN: Thank you, Senator Geist. Any other questions from the committee? I see that it has no fiscal note, but this is only because it doesn't take effect until 2032.

GROENE: Yeah. I-- then the fiscal note made a comment too, wasn't clear that DMV loses no money.

FRIESEN: Right.

GROENE: The General Fund loses money, all right? We're taking care of DMV so--

FRIESEN: Just General Fund that--

GROENE: Yeah, they don't get-- they got your income taxes.

FRIESEN: OK. Thank you, Senator Groene. Are you going to stick around for closing? OK. Proponents of LB958. Welcome.

DAVID KIRBY: Thank you very much, Senator. My name is David Kirby, D-a-v-i-d K-i-r-b-y, and I appear before you today as a member of the Independent Insurance Agents of Nebraska, affectionately referred to as the "Big I." you may have heard of us, but I'm also a member of the Professional Insurance of America, PIA. So the "Big I" is a statewide trade association founded in 1947 and represents over 600 independent

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insurance agents and 2,200-- sorry, 600 agencies and 2,200 agents in the state. It's a grassroots organization involved in promoting legislation in the interest of insurance commissioners and independent agents. And I'm here to offer support for LB958 and share some concerns with the passage of LB106 last year. I want to thank Senator Groene and Senator Ben Hansen for bringing this legislation forward. And while we appreciate the need for additional revenues to purchase the new license services system that was part of LB106 last year, that 133 percent increase in the fee was a pretty steep increase for an independent business owner like myself to absorb. Going from \$3 per motor vehicle report to \$7.50 has made an impact on my business. In fact, for the last six months of 2021, which was when this bill went into effect, my own agency paid nearly \$500 more to check MVRs as compared to the first six months of last year. So as an independent agent, I'm a little bit different than your captive agents like State Farm, American Family, Farmers Insurance Group. They all have their own system. Their companies pay for those MVRs. As an independent agent, of those 2,200 in, in the state and as a business owner, one of 600, I, I absorb those costs. So we checked driving history using motor vehicle reports as an underwriting tool to help our insurance clients who hire employees. We think it's better to know upfront before they hire a driver if that person has an acceptable driving record. It doesn't do any good for the employer to hire someone as a driver if their record is no good. For example, I insure Jimmy John's. We all know Jimmy John's. So they have delivery drivers. They have a hard time finding delivery drivers, but when they, when they get somebody that is plot-- that applies for the job, we want to make sure that that person has a good driving record. They don't have a DUI or three or four accidents. If it's a plumbing contractor or Valentino's or any other business that hires drivers, they, they have to know what their, what their driving records are. If we submit someone with a poor driving record to an insurance company, that company is going to come back and ask for an exclusion. So it doesn't do Jimmy John's or Valentino's or anybody to hire somebody as a driver if they have an unacceptable record. I'm the one that checks through MVRs. For those businesses that-- those commercial businesses, every year we run MVRs prior to their renewal. I think it's better for me to tell my commercial clients that this guy's got an unacceptable driving record before I submit it to the insurance company because I know the insurance company is going to ask for an exclusion. I'd prefer to tell my, my insured that don't let this guy drive unless it's an emergency. He's not excluded. If-- and you understand an exclusion, there is no coverage. It's like driving without insurance. We also check MVRs when

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quoting individual insurance. If you call me for a quote, I want to check your record before you, before I call you back and give you a premium. OK and as an independent agent, I represent probably 30 different companies. So I'm going to check the different companies and find out which one has the best rate for it and if it's the best fit. You all have car insurance so you understand what I'm talking about. But when I quote ten different companies, those companies are going to check reports and every time one of those companies goes out and checks an MVR, it's \$7.50. And what the problem is is that the companies charge it back to me if I don't write the business with that company. So I want to be accurate when I, when I call someone on the phone and say, hey, I've run the rates, this is the best deal for you. It's going to be \$300. It doesn't do anybody any good for, for me to have to call him back later and say, sorry, your rate went up \$300 because they found out about a speeding ticket that I didn't know. So as an agent, I cannot pass those fees, the MVR fees along to my customers. That would be called-- the, the insurance laws of Nebraska do not allow me to pass along those fees. So insurance companies who, who check the MVRs like Farmers Mutual or Progressive or whatever, their answer to the increase fee is to charge more for insurance. LexisNexis is a company that checks-- that, that most of the insurance companies use to-- for the data that they buy from the state, from the DMV. They can charge, they can charge companies more for their, their fee for the MVR, but again, I can't. So as the little guy, it's just-- I know I'm late to this party. I should have been here last year, but the impact is it is what it is. You know, it's a \$500 in the last six months of 2021. So Director Lahm last year expressed an interest in scaling back the fee in the future and I support that. I believe the accountability language in Section 2 calling for the department to report to the Legislature on the progress and expense from last year's fee increase is reasonable and justified. And perhaps a sunset of the fee was appropriate last year, but we welcome the limitation or reduction after ten years, which is found in this bill. So on behalf of the 2,200 independent agents of Nebraska, we ask you to move forward with LB958 and for full consideration by the Legislature. And I appreciate your consideration and I'll be happy to answer any questions if you have any.

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

BOSTELMAN: Thank you, Chairman Friesen. You made a comment here and I want to have a conversation about just a little bit here. It was interesting. So are you saying-- you're talking about delivery

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drivers. Are you saying that the company insures that delivery driver or you're just checking the driving record to let the company know whether or not they should hire them because of their driver record?

DAVID KIRBY: Both.

BOSTELMAN: Well, I guess I have a question with that because my son was a delivery driver and he got in an accident and the company that hired-- that he worked for refused to pay his-- pay, pay the claims. They refused. They said, you're independent. You have to have your own insurance and we will not pay it.

DAVID KIRBY: Right. So Jimmy Johns's is a, a, a company that we're well aware of. They hire independent drivers just like that. I have trained the managers at Jimmy John's. I've gone to meetings with them, like quarterly meetings to explain to them how important it is that they check MVRs. They, they call us with the MVRs.

BOSTELMAN: What's that?

DAVID KIRBY: Motor vehicle record, the record. So I can run that-- the driver's license number of the employee so that I can check the driving record because like I said, we don't want them to hire someone with a bad driving record. Now, as far as insurance goes, if they're driving a company-owned vehicle, then the, the insurance company for that, that company, for the business, the insurance company for the business will insure it. So if they're driving a truck by-- owned by Biggerstaff Plumbing, for example, here in Lincoln, they're covered under that policy. If they're using their own vehicle, then the, then the business is going to treat that driver as an independent contractor.

BOSTELMAN: Right and hear and I appreciate that and that's what I thought and that's my problem with-- and glad you reminded me of it because I was going to bring a bill before on this. I'll bring it next year because they never told him that and it was proven they never told him that. And it's a real problem with our delivery drivers, so I mean, it's separate from Senator Groene's bill, but I want-- since you're here, I want to ask about it so thank you. Appreciate it.

DAVID KIRBY: Sure

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

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MOSER: So the fee that you pay to change people's driver's license, sometimes you're doing it to tell whether this prospect for your-- buying insurance from you is a good driver or not and then you also do that as a con-- on a contract for other--

DAVID KIRBY: No, I don't do it for contract. No, I just do that as a courtesy for my business clients.

MOSER: Oh, so if you they had a sandwich shop that was your--

DAVID KIRBY: My--

MOSER: --customer--

DAVID KIRBY: Uh-huh.

MOSER: --then you would check for them?

DAVID KIRBY: That's right.

MOSER: Why wouldn't they just pay you the fee if you're--

DAVID KIRBY: I don't think the Department of Insurance allows them to pay me a fee. I get paid on commission. I don't get paid-- I can't charge any fees.

MOSER: But if you're giving them advice on who to hire--

DAVID KIRBY: That's, that's a rule in the Department of Insurance. I cannot accept any additional fees.

MOSER: Why don't you just let them figure out who's a good driver and who's not?

DAVID KIRBY: It's a lot easier upfront to tell somebody that you don't want to hire this guy than it is to tell them after we submit the driver's information to the insurance company and the company comes back and says we don't want to-- this is an unacceptable risk. We're going to exclude this driver.

MOSER: So what would, what would cause them to exclude a driver? What kind of infractions?

DAVID KIRBY: DUI, two or three accidents, speeding tickets, reckless.

MOSER: Having one point left on their license?

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DAVID KIRBY: Yeah. Yeah, they-- that-- you know, and we think it's important that the-- that they hire drivers with good records also not only from a safety standpoint, but if, if that driver is involved in an accident and he's--

MOSER: And he gets sued.

DAVID KIRBY: Well, yeah. It just doesn't look very good when you've hired a guy that, that has a crummy driving record.

MOSER: OK, thank you very much.

DAVID KIRBY: Sure.

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

DAVID KIRBY: Thank you very much.

FRIESEN: Other proponents for LB958? Seeing none, anyone wish to testify in opposition to LB958? Seeing none, anyone wish to testify in a neutral capacity on LB958? Seeing none, Senator Groene, do you wish to close on LB958?

GROENE: I was trying to look up a statute there. Thank you. Senator Moser, I think if you read the bill, it says the only persons who can request an inspection of such a record is those under 62-906 and 62-907. I think that's the only people-- you and I can't do it. I can't check your driver's license. So Jimmy John's, I don't believe, could call and get a report. It has to be an insurance agent or a government official, I believe. If I'm wrong, I didn't get to fully read 62-906 and 62-907. So if you were hiring somebody that delivered pianos, you might call your agent and say this guy, would you check him out for me? But anyway, I want to remind the committee not trying to take any money away for the services rendered, that part of the fee. That insurance agent is getting-- paying for service rendered to a department that receives no General Funds. So why are we charging excess fees in the state of Nebraska for a service and then divert money to the General Fund? I believe that we do that with a lot of fees. It's a hidden tax is what it is. So anyway, I just thought it was good policy as we look for ways to make Nebraska more affordable to live in. You could do it right now if you wanted to. You could take that-- off that first \$3 and change that right now and lower the fee 58 and one-third percent and then the DMV would still be getting their share of the funds, so anyway. Any questions?

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FRIESEN: Any questions from the committee? Senator Cavanaugh.

M. CAVANAUGH: Thank you, Chairman. Thank you, Senator Groene. Some of the committee members will probably laugh at this because I've been talking about this very thing. I'm very intrigued by your bill because I agree about how we're doing our fees. And we had another bill that changed some fees and I remember this floor debate on this bill because Senator Wayne kind of took me to task because I never vote for, for fee increases and I voted for this one for this very specific reason of the system. And so I'm basically saying to you now I was wrong because there's like a 50 cent fee in here that we don't need and I'm wondering if you'd be interested in looking at removing that more-- earlier than the 2032.

GROENE: That's what I said. You could do that right now.

M. CAVANAUGH: OK.

GROENE: You could, you could amend this bill and say on that \$3, we're just going to take away the 58 and one-third percent. We're going to lower the, lower the \$3 fee to \$1.75 and DMV would just keep on rolling, not down any loss of funds. But Senator Stinner would have less money or the Appropriations Committee Chair would have less money to spend. But that's just fairness. I mean, for me, it's fairness. Why charge somebody more for a fee than is needed for the service?

M. CAVANAUGH: I agree. Thank you.

GROENE: Thank you.

FRIESEN: Thank you, Senator Groene and Senator Cavanaugh. Any other questions from the committee? Seeing none, with that, we'll close the hearing on LB958 and Senator Hughes and Senator Bostelman have joined us recently.

GEIST: All right, we will now open the hearing on LB1022. Senator Friesen, you are welcome when you get the correct file to open on your bill.

FRIESEN: OK. Which bill is this, LB1022?

GEIST: LB1022.

FRIESEN: Too many of them. I don't have a LB1022. What number is it? The one I left. OK. Now, Vice Chair Geist, members of Transportation

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and Telecommunications Committee, Curt Friesen, C-u-r-t F-r-i-e-s-e-n, representing the 34th District in the Nebraska Legislature. I'm here today to introduce LB1022. LB1022 makes a correction to the disposition of a fee for the purposes of the 24/7 sobriety permit program. Currently, Section 60-4115 directs that the fee, \$25, shall be remitted to the county of residence of the individual participating in the program. LB1022 amends the section by providing that the fee shall be directed for deposit with the county treasurer of the county which issued the permit. This will keep the payment for the program in the county administering it. Officials are here from the Department of Motor Vehicles to answer any questions you may have. Thank you for consideration. I would be happy to answer any questions.

GEIST: Thank you, Senator Friesen. Are there any questions from the committee? Senator Cavanaugh.

MOSER: How big of a problem is this that we need to have a bill to correct it?

GEIST: Oh, sorry. It was-- I had called on Senator Cavanaugh.

MOSER: Oh, I'm sorry.

M. CAVANAUGH: Well, how do you follow that question?

MOSER: I'll ask it for you.

M. CAVANAUGH: Well, I was going to say it looks like you're changing it from going through the State Treasurer to just going straight to the county. Is that--

FRIESEN: I don't know if it'll go straight to the county, but it'll end up going to the county that actually issued the permit instead of the county of residence.

M. CAVANAUGH: Ah, I see. OK.

FRIESEN: So the county that is actually issuing the permit now will get the money, whereas the way it was worded before, the county where he's residing gets the fee.

M. CAVANAUGH: And how big of a problem is this?

FRIESEN: They'll be able to do that maybe behind me. I've asked, but I don't, I don't know how many permits are issued, so.

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GEIST: Senator Moser, would you like to follow up?

MOSER: My proxy has. Thank you.

GEIST: Any other questions from the committee? Seeing none, you plan to stick around to close?

FRIESEN: I'll plan on [INAUDIBLE]--

GEIST: OK.

JOE KOHOUT: Good afternoon, Vice Chairwoman Geist and members of the Transportation and Telecommunications Committee. My name is Joe Kohout, K-o-h-o-u-t, and I appear before you today on behalf of our client, the Lancaster County Board of Commissioners, in support of LB1022 and thank Senator Friesen for bringing the bill. Last year, the Legislature passed LB271, the 24/7 Sobriety Program Act. That legislation created a mechanism to allow individuals who have been arrested for driving under the, driving under the influence violation who are participating in a 24/7 sobriety program to-- that have had their license revoked to petition the court for an order allowing them to apply for a 24/7 sobriety program permit. If the individual is enrolled in the program and has gone at least 30 days without any sanctions, then the court shall issue an order allowing the individual to obtain a 24/7 sobriety program permit. Permits are only available for holders of a Class M or O operator's license and are issued by the Department of Motor Vehicles. The legislation is set to go into effect on July 1, 2022. Following the passage of the bill, the DMV contacted our office about a concern about how the fees under the bill credited the county of residence for the program participant versus the county in which the individual was participating in the 24/7 program. This was an inadvertent error that made its way through the end of the bill through to Final Reading. LB1022 is designed to correct that and we stand in full support. We thank Senator Friesen again for introducing the bill and I will try to answer any questions. However, the technical expert is sitting in the chair right behind me, so.

GEIST: All right. Are there any questions on the committee? Seeing none, thank you.

JOE KOHOUT: Thank you.

GEIST: --for your testimony. Any additional proponents? Good afternoon, Director.

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RHONDA LAHM: Hello. Good afternoon, Vice Chair Geist and members of the Transportation and Telecommunications Committee. I am Rhonda Lahm, R-h-o-n-d-a L-a-h-m, Director for the Department of Motor Vehicles, appearing before you today to offer testimony in support of LB1022. LB1022 proposes to modify the distribution of fees for the 24/7 sobriety program permit authorized by the 2021 Legislature. The proposed changes will make the distribution of fees for the 24/7 sobriety program permit the same as for other licenses and permits issued by the department. The change remits the county portion of the permit fee to the county treasurer for credit to the county general fund of the county where the document was issued, rather than the county of residence of the applicant. This is how other license fees charged by the department are distributed. I encourage the advancement of LB1022 to General File and I'm happy to answer any questions the committee may have.

GEIST: Very good. Are there any questions from the committee? Yes, Senator Moser.

MOSER: Senator Cavanaugh has a question. No, I'm just teasing. How big of a problem is this? I mean, how often does it happen that they live in one county but enroll in this program in a different county? Is it, is it a \$5 one-time fee or--

RHONDA LAHM: So each time an-- each time we issue a document, the fees-- and they're set out in statute where each-- how much of each fee goes where. There's three places it goes: to the General Fund, to the DMV cash fund, and to the county general fund. So because this is a new permit, we don't know how many there will be, but it is not uncommon for people to get their documents in the county different from where they reside. So like, for example, people who would commute maybe from the Omaha metro area to Lincoln, if they're here during business hours, may choose to go to the Lincoln office to do their business rather than in Omaha. And it isn't also uncommon that in the counties where we're not in an office every day of the week that maybe they come into an office where we are five days a week. So there's a good number of people who renew or do their business outside of their county residence.

MOSER: But you don't know how many--

RHONDA LAHM: I don't, I don't know that right here, but we do keep track of-- I could tell you for every county and every state how many people in that county-- of the people we processed in that county, how

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many people live in that county and how many don't live in that county.

MOSER: So it's not just this fee that you're concerned with or is this just the only one that's--

RHONDA LAHM: This is the one that--

MOSER: --not credited--

RHONDA LAHM: Yeah.

MOSER: --where it's supposed to go.

RHONDA LAHM: This is the one that's the outlier. All the others go to the county where the, where the document is issued. The reason for that being is by statute, the counties have to provide us a physical location to do our services if they want to get their share of the fee. And so part, part of that fee is designed to help pay the cost in the county for that space so that's why giving the fee to the county where it's issued makes sense because that actually helps pay for those expenses.

MOSER: They're, they're the county who had the expense--

RHONDA LAHM: Right.

MOSER: --and you want them to get the credit?

RHONDA LAHM: Correct, yes.

MOSER: Thank you.

GEIST: Senator Hughes, did you have a question?

HUGHES: Yes. Thank you, Vice Chairman Geist. So Director Lahm, good to see you. So is this issued by every county or some counties can or can't do it? I'm confused. Who's issuing it?

RHONDA LAHM: So it's a, it's a new legislation that goes into effect in July. And, and actually Mr. Kohout is probably the bigger expert on this than I, but the understanding is the county sheriff or their designee to-- runs the actual program, but it's for offenders that-- DUI offenders that are involved in this 24/7 program-- it has different requirements-- and then if they're required or ordered to

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have one of these permits by the court, then we issue this permit. It allows them to drive during their pretrial time frame.

HUGHES: So if, if you have a DUI, then you can get this in any county?

RHONDA LAHM: If the county sheriff or designee has established the program as I understand it.

HUGHES: So if they have haven't established the program, then you have to, you have to go to a county that has, but you're going to remit the fee to your county that--

RHONDA LAHM: Well--

HUGHES: --established the program, not--

RHONDA LAHM: So if they get arrested-- let's just say in Deuel County in your area. So if they got arrested in Deuel County, if Deuel County didn't have a program, they probably could not participate in the 24/7 program and they would not be eligible for this permit--

HUGHES: Oh, OK.

RHONDA LAHM: --is my understanding.

HUGHES: OK, I see. Thank you.

RHONDA LAHM: Yes, my under-- like I said, it's being handled by the courts. We're issuing the document, but that's my understanding.

HUGHES: OK.

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

RHONDA LAHM: Thank you.

GEIST: Any additional proponents? Good afternoon.

JON CANNON: Good afternoon, Vice Chair Geist, members of the Transportation and Telecommunications Committee. My name is Jon Cannon, J-o-n C-a-n-n-o-n. I'm the executive director of the Nebraska Association of County Officials-- you may have heard to us referred to from time to time as NACO-- here to testify in support of LB1022. We certainly appreciate Senator Friesen bringing this bill on behalf of the counties and the DMV and everyone else that has to administer

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these, these programs. I couldn't express my support any more, I believe, than the folks that came before me. But I will say that we appreciate efficiency in our governmental processes and this just mirrors the remittance of fees that we have for just about every other program. So with that, I'm happy to take any questions, although I, I don't think I could do a better job than the folks that came before me.

GEIST: Are there any questions from the committee? Yes, Senator Hughes.

HUGHES: So have you had any discussions with county sheriffs about whether or not they're going to take on this program?

JON CANNON: I have not, sir, but I can get information from you-- or for you if you'd like.

HUGHES: OK, thank you.

JON CANNON: Yes, sir.

GEIST: Any additional questions? Seeing none, thank you for your testimony.

JON CANNON: Thank you very much.

GEIST: Any other proponents to LB1022? Are there any opponents to LB1022? OK. Are there any who would like to testify in the neutral capacity? Seeing none, Senator Friesen, you are welcome to close and he waives closing, which will end the hearing in LB1022 and we will move on to LB1148.

FRIESEN: Thank you, Vice Chair Geist, members of the Transportation and Telecommunications Committee. I'm Curt Friese, C-u-r-t F-r-i-e-s-e-n, representing the 34th District and here today to present LB1148. LB1148 would allow Nebraska Motor Vehicle Industry Licensing Board to employ a full-time hearing officer. Last year, this board thought it would be prudent during the pandemic to utilize a hearing officer. This would avoid having the ten-person board conduct multiple-day hearings with potentially dozens of people in a hearing room, some of who would likely be traveling from out of state. The board was advised by the Attorney General's Office that it lacked the express statutory authority to hire or utilize a hearing officer in this manner. Therefore, I was asked to introduce this bill so that the board could utilize a hearing officer when it deemed appropriate. A

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representative of the board is here today and can answer any questions you may have about this position and I thank you for consideration, would be happy to answer any questions you may have.

GEIST: Interesting. Are there any questions from the committee? Seeing none, are there any proponents for LB1148? Good afternoon.

JOSH EICKMEIER: Good afternoon, committee members. My name is Josh Eickmeier, J-o-s-h E-i-c-k-m-e-i-e-r. I'm the executive director for the Motor Vehicle Industry Licensing Board. I'd like to thank Chairman Friesen for bringing this bill on our behalf. It's pretty straightforward. I can give you a little bit of context. In the last year or so with the pandemic, our legal counsel recommended that with a ten-person board and the possibility of having multiple-day hearings, that it might make sense to utilize a hearing officer to help expedite that as well as improve efficiency and keeping in mind everyone's health and safety. And as we moved forward with that process, we were informed by the Attorney General's Office that they would feel more comfortable if we had in-- within our act, the express authority to utilize a hearing officer and so that's what we have before you today is the express authority to utilize a hearing officer. Be happy to answer any questions.

GEIST: Yes, Senator Bostelman has a question.

BOSTELMAN: Thank you. Thank you, Mr. Eickmeier, for being here. Who, who bears the cost of the hearing officer?

JOSH EICKMEIER: So the, the-- when we went through this process, the board had adopted a policy thinking that we were going to utilize the hearing officer, that the parties would be able to split that cost. That's why the fiscal note is a little bit different because one, we'll anticipate having one utilized in the next fiscal year, but also because if the, if-- oftentimes parties, to, to an issue before the board, they want to have four or five, you know, day hearings and it's just not practical with our board to be able to accommodate that. So when they come before the board, they would likely have a one-day hearing or one, or one-and-a-half-day hearing. However, if they wanted to utilize a hearing officer, they could have four or five days and they could present all their evidence to the hearing officer and who can then-- who would then make a recommendation to the board at a, at a board hearing. So the board would still hear the matter. It would just be a question of whether the parties would want to present more information through the hearing officer process.

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BOSTELMAN: So did I hear you right that the person who wants to have the hearing has to pay for the hearing?

JOSH EICKMEIER: Well, there would be the option for the, the board with the parties involved-- if they wanted to have a five-day hearing-- we, we've had this request before-- it just isn't impractical for our board members to come in and do that. So the alternative would be if they wanted to split the cost, you could do that.

BOSTELMAN: I understand, I understand. I'm just understanding who's bearing the cost? So if I'm the person that wants the hearing, if I have to pay for the hearing, that might be-- for the officer, that may be a little-- you know, weigh into whether I want that or not. What type of hearings do they hear?

JOSH EICKMEIER: So, for example, we have, we may have a manufacturer may wish to terminate the franchise agreement with the dealer. And so they have to apply to the board to be able to do that. They just can't unilaterally sever ties and then that would be something where you typically have attorneys flying in from out of state for that matter. And, you know, the idea of utilizing a hearing officer isn't anything really new to many agencies. Other agencies like Liquor Control Commission, I know has, has utilized this in the past. So I don't know that it would be anything out of, out of the ordinary, just isn't something that our board has done before and it isn't expressly authorized in the act.

BOSTELMAN: OK, thank you.

JOSH EICKMEIER: Yeah.

GEIST: Yes, Senator Cavanaugh.

M. CAVANAUGH: Thank you. Thank you for being here. It's sort of related, but I was trying to find the list of the ten board members and it's not listed on the website. Do you know where I could locate that?

JOSH EICKMEIER: I can email it to you after the hearing.

M. CAVANAUGH: That would be excellent. Thank you. I'd just like to know who is on the board.

JOSH EICKMEIER: Sure, but the board is-- it's laid out in statute--

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M. CAVANAUGH: Yeah.

JOSH EICKMEIER: --the qualifications, so there's the-- virt-- I think eight of the, eight of the ten members are actually licensees, manufacturer or dealers, for example. And we have the, the director of the DMV is always the chair and that's Director Rhonda Lahm and we have one citizen member chosen.

M. CAVANAUGH: OK, great.

JOSH EICKMEIER: Yeah.

M. CAVANAUGH: Thank you.

GEIST: Yes, Senator Moser.

MOSER: Does this group hear complaints between dealers or just manufacturers versus dealers?

JOSH EICKMEIER: So if there's a-- for example, if, if a dealer is having an issue delivering a title within 30 days-- that's a statutory requirement-- a customer can file a complaint with our board, with our office. And then as director, I would assign it to the investigator for the area that the dealer is located. The investigator goes to visit with the dealer to find out what the issue is. A lot-- almost every time, the, the title is hung up somewhere else and the dealer is trying to acquire that title and we will work with them to try and remedy that situation. Those matters don't typically go to the board. Those would be handled by, by our office. Typically, the ones that go before the board are the more complicated issues like, like if-- for example, with a manufacturer wanting to terminate the franchise agreement. That's something with our franchise laws is required then for the board to hear that and make a determination. And there are other issues that-- if, if, for example, if there's an advertising violation and I, I were to fine the dealer \$2,000, which is the entry-level fine, the dealer--

MOSER: What could he do wrong to get fined?

JOSH EICKMEIER: He says that I have-- my, my vehicles are the lowest-priced vehicles in Nebraska. That would be a blatant violation because the statute specifically says you cannot claim to have the lowest prices. And so I would visit with the dealer, explain, show them the statute, and would likely fine the dealer \$2,000. If the dealer wanted to dispute it, the dealer would be able to go before the

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board and have a hearing. And that's not-- those types of hearings aren't the ones that would warrant the, the hearing officer because that would be a relatively quick-- it could be a regular-- you know, at a regular board meeting perhaps. It would not--

MOSER: How, how often do you meet?

JOSH EICKMEIER: Well, we're scheduled to meet every month, but we, we typically will meet-- well, during the pandemic, we haven't met as often, but we can meet four or five times a year.

MOSER: And these people are volunteers on this board?

JOSH EICKMEIER: I think they receive a, they receive a per diem for travel expenses.

MOSER: So you think the hearing officer is going to save annoyance for the board members and then the hearing officer would come up with a synopsis of what all the arguments are, what the evidence was, and then the board could rule on that?

JOSH EICKMEIER: Yes.

MOSER: The hearing officer is not going to decree--

JOSH EICKMEIER: No, no they-- no, the-- nothing in this, in this bill would take any power or authority away from the board. The board always has the final say in these matters. This is just a question of form. It's how do you want to get there at this-- the process? And so if there is a situation-- as I mentioned before, if, if the party is-- and, and it's not like it would favor one party or the other. We have a matter where both the dealer and the manufacturer both wanted a five-day hearing. Well, it's very difficult with a volunteer board to, to say we-- I need you to come to Lincoln because they, they're from all over the state. Come to Lincoln, leave your, leave your business for a week, and, and take care of this matter. So typically, those matters get condensed into one or two days, but if the parties want to have that five-day hearing, they could present all their evidence to the hearing officer, who can then make a recommendation to the board. And on that, that day, that's-- they're before the board, before that hearing day, the board can ask questions. They can, you know, the--

MOSER: Are, are you going to leave it to your agency to decide who gets to present to the whole board and who gets to present to the

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hearing officer or is that up to the people who bring you the complaint?

JOSH EICKMEIER: I think it would--

MOSER: Because some people would prefer--

JOSH EICKMEIER: Sure.

MOSER: --probably to have the whole board hear their complaint and they might not trust the hearing officer, one person, to make the decision that they want.

JOSH EICKMEIER: Right and I think if, if, if the parties are fine with a one-day hearing--

MOSER: Both parties have to agree?

JOSH EICKMEIER: Well, I don't know. We haven't crossed this bridge yet. I don't know the answer. But the idea would be is if the parties wanted to have, you know, multiple-day hearings, if it's simply not practical, then the hearing officer would be an alternative to that. But if-- in matters that are only going to, you know, take hours or a day, we would, we would presumably just do it the same because we don't gain anything as far as time, where efficiencies is going to be-- it's still going to have one day before the board typically for the, the conclusion of that.

MOSER: The board has to bless the--

JOSH EICKMEIER: Yeah. Oh, yeah, absolutely.

MOSER: --decision anyway.

JOSH EICKMEIER: Yeah, yeah. The hearing officer really has, has no authority other than, you know, they can make the recommendation. But the board-- again, these-- this board is unique because they're virtually all in the business in, in one way or another so they have a lot of knowledge as far as--

MOSER: You have diversity of--

JOSH EICKMEIER: Yeah.

MOSER: --of dealers there, I mean of--

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JOSH EICKMEIER: Yes.

MOSER: --different franchises so they're not five Ford dealers and--

JOSH EICKMEIER: I don't know that we specifically look at which franchises. We do have to have a franchise dealer from each congressional district, as well as independent car dealers are represented on the board as well as manufacturers and trailer dealers. And so there's, there's a-- as far as the industry that we regulate, there is a cross section represented.

MOSER: OK, thank you.

JOSH EICKMEIER: Of course.

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

JOSH EICKMEIER: Thank you very much.

GEIST: Are there any other proponents? Good afternoon.

LOY TODD: Good afternoon, Senator Geist, members of the committee. My name is Loy Todd. That's L-o-y T-o-d-d. I'm the president and legal counsel for the Nebraska New Car and Truck Dealers Association. This is an idea that's been floating around for a few years and our association has been involved in the discussions. Early on-- we sort of transitioned from I don't think this is a good idea to neutral to now, we actually think it is a good idea. And that's because the, the makeup of this board is-- got a lot of expertise in it. It's car, car dealers. It's manufacturers' representatives. It's, it's citizens and, and that expertise is really necessary in something as specific as a franchise system. It's, it's different enough from a lot of normal commerce that it lends itself to this expertise. And it really is difficult for these volunteer members to give up four or five days of their, of their livelihood and their, and their life. It's, it's pretty easy to get volunteers after you explained it-- you promise them that they aren't going to have to spend a week or two in, in Lincoln. And some of the more disputed areas, there's a lot of evidentiary stuff that comes in. The rules of evidence have to be followed. If the parties agree, they can waive that, but usually the attorneys practicing before the board want the rules of evidence. The director is the chair. And, and these hearings, you know, people get along fairly well, even though some of the stuff is really disputed. But one of the things that, that this will accomplish and the one

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thing we just insisted on in discussing was that the decision maker still be the board, that we don't have this hearing officer as sort of a super judge or a, or-- and their-- the task is to gather the evidence and make a recommend, recommendation to the board. That's, that's their role and it doesn't go beyond that, which is, which is significantly important to us. And so we do think this can be positive. I view this whole situation more almost like a pretrial conference and, and in the-- in years past, sometimes legal counsel for the board or even the director sort of accomplished that to the extent they could. But every state has franchise laws like Nebraska's and various states have different kinds of situations and methods they use doing it. We have this board. Iowa, for example, has a-- I think it might be the-- it's either the secretary of state or some other-- other states might have an attorney general. Other states might have other elected officials as, as doing this task. In Nebraska, it's worked very well to have this board. I have to mention one of the thing. The Independent Auto Dealers Association, the Used Car Dealers Association has asked me to include them in their support for this legislation and this testimony.

GEIST: OK. All right. Are there any questions from the committee? I do have one. I noticed-- I just did a quick page through of the bill. There, there aren't any specific requirements for this hearing officer. In other states, are there specific duties outlined or requirements for who this individual would be? Do you know?

LOY TODD: I haven't seen anything that required background expertise. It's simply the position that they're in so that a--

GEIST: OK.

LOY TODD: --a state that uses a secretary of state or somebody from even treasury-- different things.

GEIST: OK.

LOY TODD: It's, it's simply the, the position as opposed to-- one thing that's nice about Nebraska's law is there is a requirement for expertise. These, these people all know-- the citizen doesn't right away, but finds out pretty quickly because these are complaints by-- they handle everything; consumer complaints, the dealer versus dealer complaints, or manufacturers coming in and wanting to alter trade areas or add a, add another point. And so there is, there's a real variety of cases they hear.

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GEIST: OK. Thank you. Any other questions? Seeing none, thank you for your testimony.

LOY TODD: Thank you.

GEIST: Any additional proponents for LB1148? Are there any opponents for LB1148? Seeing none, are there any who wish to testify in the neutral capacity? Seeing none, Senator Friesen, you're welcome to close. He waives closing and that will end our hearing on LB1148.

FRIESEN: OK. Next, we will open the hearing on LB1259. Welcome, Senator Geist.

GEIST: Well, thank you, Chairman Friesen, and good afternoon, members of Transportation and Telecommunications Committee. For the record, my name is Suzanne Geist, S-u-z-a-n-n-e G-e-i-s-t. I represent the 25th District, which consists of the southeast part of Lincoln and Lancaster County. I've introduced LB1259 on behalf of the Department of Motor Vehicles. LB1259 changes two provisions relating to the issuance of license plates. First, it changes the fee in order for the Department of Corrections to recover the costs of producing the plates. Material costs for producing the plates continues to increase. And lastly, this provides for a new approach to the issuance of plates by changing the issuance cycle from six years to ten years. That's it, very simple. Thank you for your time and attention. I'd be happy to answer any questions. However, I will say that Director Lahm is following me with testimony and will be able to give you more specific answers to questions should you have any, but I'll do my best with what you throw at me.

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

GEIST: You're welcome.

FRIESEN: Proponents for LB1259. Welcome, Director Lahm.

RHONDA LAHM: Thank you. Good afternoon, Chairman Friesen and members of the Transportation and Telecommunications Committee. I am Rhonda Lahm, R-h-o-n-d-a L-a-h-m, Director of the Department of Motor Vehicles. I'm appearing before you today to offer testimony in support of LB1259. I would like to thank Senator Geist for introducing LB1259 on behalf of the department. The purpose of LB1259 is to make changes to the statutory provisions regarding the issuance of license plates. LB1259 proposes two changes to the provisions of issuing license

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plate. Section 1 of the bill changes the current six-year plate issuance cycle to a ten-year issuance cycle, beginning with the 2023 plate series. Section 2 of the bill increases the plate fee from the current maximum of \$3.50 per plate, up to a maximum of \$5 per plate. The currently plate fee, which is \$3.30, does not change for the last three plate cycles or for 18 years. Based on the information provided by Corrections, they've experienced increased costs for materials and for production, which make them unable to continue producing the plate at the current maximum fee. Extending the cycle of plate issuance for ten years will result in a lower per year cost for the plate. I encourage the advancement of LB1259 to General File. I'd be happy to answer any questions that the committee may have.

FRIESEN: Thank you, Director Lahm. Senator DeBoer.

DeBOER: Thank you, Senator Friesen. Have we found that at the end of the six-year cycle, are there a lot of plates that are damaged or we're having problems with? I know they're thinner now.

RHONDA LAHM: Yeah, so they're the flat plate now. I don't have any data or statistics on that. It's certainly possible if they're in a situation where they're being-- pulling trailers and stuff all the time that they get beat up on the rear plate.

DeBOER: So do you-- what do you do if you have a plate that gets damaged and is no longer usable? Can they-- can somebody go back into the department and say, hey, this is my plate, it's damaged, can I get a new one?

RHONDA LAHM: So they can go in and get a replacement plate, but there is-- the same fee applies to the replacement plate.

DeBOER: The \$5 or whatever?

RHONDA LAHM: Currently \$3.30, correct.

DeBOER: Sure. OK. So if I had a plate that for whatever reason, I was hard on it, it's in bad shape, I can get a new one for \$5 if you-- if this bill passes?

RHONDA LAHM: Yeah, up to \$5, correct, yeah--

DeBOER: Yeah.

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RHONDA LAHM: --which, which is-- which the plate fee likely would be at \$5 for the next ten-year cycle.

DeBOER: OK. Well, that doesn't seem like a bad deal. Thanks.

FRIESEN: Thank you, Senator DeBoer. Senator Cavanaugh.

M. CAVANAUGH: Does this impact specialty plates? Would we be adding \$1.50 to those as well?

RHONDA LAHM: So the plate fee is the same--

M. CAVANAUGH: OK.

RHONDA LAHM: --regardless of if it's a specialty plate or passenger plate or a farmer plate or a commercial plate.

M. CAVANAUGH: OK.

RHONDA LAHM: The plate fee is the same.

M. CAVANAUGH: All right. Thank you.

FRIESEN: Thank you, Senator Cavanaugh. Senator Moser.

MOSER: Do you get the same number if they wreck the plate? They ordered a plate, they get the same number and they print it specially for him?

RHONDA LAHM: So in the current six-year cycle, the computer is not going to allow the issuance of the second-- of that same number the second time. Then they could get that number again when the new plate cycle comes around.

MOSER: The stamped plates are way cooler.

RHONDA LAHM: Well, so we moved from stamped plates to flat plates what I call "BR"-- before Rhonda-- so I can't give you a lot of history on that, but I do know right now that the equipment at Corrections doesn't do the stamped plates and that would really be expensive to completely redo the blanking line and production line.

MOSER: Yeah, I could see it being real labor intensive because you'd have to change the dyes for every plate.

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RHONDA LAHM: My understanding at the time was that there was concern with the counties, the amount of space it took to store the stamped plates because in the plate issuance year when you're issuing out--

MOSER: They're thicker.

RHONDA LAHM: --the authority of the plates, it took an incredible amount of storage at the counties and the counties preferred to have the flat, the flat plate for storage purposes.

MOSER: They just-- they're stiffer. They hold up better. They have more of a three dimensional-- well, they are three dimensional. The others are two. Well, thank you.

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

BOSTELMAN: Thank you, Chairman Friesen. I guess comment on the current process that you have. So personal exam-- what happened is had sesquicentennial plates--

RHONDA LAHM: Yes.

BOSTELMAN: --wanted to change them with a personal message, wanted to change them to a Game and Parks plates. We had to come-- couldn't go to the county. Had to come to Lincoln to get that changed. And then sits-- you know, the one problem we had and so-- because the county couldn't do anything. We couldn't do it online, couldn't do it at county, had to come to DMV here in, in Lincoln to do that. Maybe they could do it to another DMV spot around the state and I think that's an issue that maybe we need to talk about how that can get fixed. So the other part of it was, which part of it is self-inflicted, I'll admit, but since it was in the 30 days of the expression of the plate, then we had to go back and get a county plate, pay for the stick-- decal to go on there. Now when new plate come in, we're going to have to pay for another decal to go on there.

RHONDA LAHM: So--

BOSTELMAN: --and I--

RHONDA LAHM: I'm sorry.

BOSTELMAN: I mean, that's, that's-- I think that's an issue that we need to fix.

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RHONDA LAHM: So I need to follow up on, on the specialty plate because that should have been able to have been done online so I need to follow up with that. As far as the-- when, when you order it, we don't print a specialty plate until it's ordered because we clearly don't have any idea how many of those people are going to order so we don't want to have the waste out there because every plate that Corrections produced, we have to pay for and that has to be figured into the plate fee. But in, in terms of the process of the 30 days is that was addressed before that they can now get a temporary so that they don't have to get another separate plate. So if you go in the last five days of the month and you decide you want to change to a specialty plate, you shouldn't have to get a regular plate then. You should be able to get the-- a temporary [INAUDIBLE]--

BOSTELMAN: We were, we were made to get a, we were made to get a county plate.

RHONDA LAHM: So I'm guessing we've got a communication issue.

BOSTELMAN: And going to have to pay for that tag and then pay for it again.

RHONDA LAHM: So what-- well, I could just talk to you later about--

BOSTELMAN: That's fine.

RHONDA LAHM: --what county it is--

BOSTELMAN: Thank you.

RHONDA LAHM: --because we need to do a education piece there--

BOSTELMAN: Thank you.

RHONDA LAHM: --so.

FRIESEN: Thank you, Senator Bostelman. Any other questions from the committee? So looking through this here, the cost of the ten-year plate would be \$5, is that correct?

RHONDA LAHM: Correct, yeah.

FRIESEN: So if we would stay with the current program of six-year plate, what would the plates cost then?

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RHONDA LAHM: The projections that we have is that would be just \$4 or just over \$4 per plate.

FRIESEN: So we're not really saving any money or well--

RHONDA LAHM: Well over the period of ten years, I-- it's about 17 cents a year.

FRIESEN: Seventeen cents a year. OK. So could you explain the money with license plates and who gets--

RHONDA LAHM: So it isn't-- it's a-- kind of a three, three-person process. So when people get plates at the county treasurer's office, they pay, they pay a plate fee, which is currently \$3.30. Those monies are deposited into the Highway Trust Fund. So then Corrections produces the plate and they-- and those are sent out to the counties. Correction bills ask for the plate. Then we have money transferred from the Highway Trust Fund into our license plate cash fund and we pay the bill to Corrections out of the license plate, license plate cash fund. So it's kind of a three-pronged approach and we have three players in the mix.

FRIESEN: OK.

RHONDA LAHM: The idea of the fund is that it would be, you know, revenue neutral. In other words, we try to project it so that the monies we collect over a six-year cycle are the same as what we pay out over a six-year plate cycle. The intent is not for the Highway Trust Fund to make money, but it's also not for the Highway Trust Fund to lose money and yet that we still can pay the bill to Corrections so that correctional industries doesn't lose money either. So that's-- we try to project it. It's not an exact science. In our current cycle-- and I shared this with the Appropriations Committee last week-- over a six-year cycle, we're projecting just under \$26 million worth of plates produced and we believe we're going to be around \$30,000 off. So out of \$26 million when you're doing projections of six years, we feel pretty comfortable that that's a pretty good-- that we've been able to do pretty accurately project it.

FRIESEN: Thank you, Director. So I know we've talked about different license plates in the past, but when we're talking about the reflective surface of that license plate, what is the I guess the life span? Is that, is that going to last ten years or what is-- how does that work?

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RHONDA LAHM: So it was my understanding when Corrections just recently did rebid materials in their system is that under the new materials, that the reflectivity is guaranteed for six years.

FRIESEN: So if a plate would go bad before six years, you would replace it for free?

RHONDA LAHM: So if the-- if it's defective in terms of the manufacture of it, then the, the depart-- we would not charge somebody for that. You know, if it got faded or for whatever reason, we wouldn't charge them for that. But like if it gets bent up in the car wash--

FRIESEN: Right.

RHONDA LAHM: --those would be things where they would have to pay the replacement fee.

FRIESEN: But if we go to the ten-year lifespan of it and something happens to that plate, there would be no warranty on the reflective materials or the face of that?

RHONDA LAHM: Yeah, that's my-- maybe Corrections could speak to it better, but it's my understanding that, that people who manufacture the materials wouldn't stand behind the materials past six years.

FRIESEN: OK, so-- and obviously, we're still going to go with the sticker program then. So the ten-year plate, we're going to have ten stickers, one on top of the other?

RHONDA LAHM: That-- yeah. I mean, that would continue on the same because the bill doesn't propose to have any changes there.

FRIESEN: OK. All right. Any other questions? Senator Moser.

MOSER: We don't allow people to register their own plates that they may have if they had some '53 Hudson plate or something that they wanted to put on a hot rod or whatever. There's no way for them to get their plate registered.

RHONDA LAHM: Actually, there is a mechanism. So if you have an old-- a car that's older than 30 years, a vehicle that's older and you have a plate that's from that vintage time of that vehicle, you can register it with that plate on it. So for example, I recent-- I did that actually just two weeks ago. My husband has a '71 Plymouth Scamp and we found a license plate from 1971 and so that 1971 plate is now on

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that vehicle. So there is a mechanism for doing that for-- it's called vintage and historical plate for plates that are older than-- vehicles that are older than 30 years.

MOSER: So you could even have somebody make you a plate as long as it was appropriate for the age of the car?

RHONDA LAHM: It has to be a plate from that era that-- I mean, it needs to be a plate that we produced in that era from the department. They have to bring the plate in so that we can take a look at it and make sure that it's a legitimate plate.

MOSER: So it can't be a replica?

RHONDA LAHM: Yeah.

MOSER: There would be a business there.

RHONDA LAHM: Entrepreneurship, that's what we like.

MOSER: Yeah, not for the state, necessarily.

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

RHONDA LAHM: Thank you.

FRIESEN: Welcome.

SCOTT FRAKES: Thank you. Good afternoon, Chairman Friesen, members of the Transportation and Telecommunications Committee. My name is Scott Frakes, F-r-a-k-e-s. I'm the Director of the Nebraska Department of Correctional Services. I'm here today to provide testimony in support of LB1259. Cornhusker State Industries is a program with NDCS that provides work, work, skill training, education, certifications, and reentry preparation for nearly 500 incarcerated men and women. Our program is responsible for manufacturing Nebraska license plates. Statute 60-3102-- excuse me-- defines the cost limit for a license plate and associated validation stickers. CSI has maintained the same sales price for license plates from 2005 to 2022. The total average cost of a plate and validation stickers has remained below the statutory limit throughout these three, throughout those three six-year license plate reissue cycles. When reviewing pricing for the 2023 license plate reissue cycle, CSI determined the statutory limit of \$3.50 would not be sufficient to cover projected expenses. Raw

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materials for license plates have gradually increased during previous plate cycles. Major components like aluminum-- that's supposed to be a comma. I think it's actually no comma-- aluminum sheeting and ribbons have increased 23 to 54 percent since 2008, which is our oldest available records. The cost of validation sticker reflective sheeting has increased incrementally as well. We experienced a 111 percent increase in November of 2021. Another component of cost increases has been the investment in new equipment. The software and equipment currently used to process and produce plate graphics was implemented in 2003. While the system has served its purpose well, it's in need of modernization. Investment in new license plate software and printing is nearing completion. In addition, a new blanking line, which is the equipment that makes the actual plate, was installed approximately one year ago. In total, over \$4 million is being invested in new equipment and software and at this time, I'd be happy to try and answer your questions.

FRIESEN: Thank you, Director Frakes. Senator DeBoer.

DeBOER: First, I just have to say it's in my contract that every time you come here, I have to ask you a question, even if it's a different committee. So--

SCOTT FRAKES: I appreciate that.

DeBOER: --what, what will the-- starting in the next cycle, what will the cost per plate be for all your materials?

SCOTT FRAKES: Well, the number that I have in my head is the cost of everything; material, staffing, and there's one other factor. So overall, cost for the plate and the sticker would be on the six-year renewal cycle, \$3.67 and on the ten-year renewal cycle, oh, it's over \$4, but I can't remember what the decimal point number is, the difference being that we have certain fixed costs that if they're divided over six years or divided over ten years, it drives up the cost per plate because we would produce fewer plates over a ten-year cycle than we do over the six-year cycle.

DeBOER: So would you use the same materials for the six or the ten year?

SCOTT FRAKES: Yes.

DeBOER: So the director testified that the warranties on the I think it was reflective sheeting is only a six-year warranty. Are there

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other-- I don't, I don't know what all goes into it. Are there other pieces that might potentially degrade over time besides just the reflective sheeting?

SCOTT FRAKES: No, not that I can think of because you think of the sheeting as a combination of the plastic reflective material and the adhesive that makes up those two components and then the aluminum is aluminum. It's got a pretty long, stable life.

DeBOER: Sure. Yeah. OK, so do inmates get paid to produce the plates at all? Do they get any kind of wage for it?

SCOTT FRAKES: They do. Let's see if I actually got that in my notes. So the wages for Cornhusker State Industry vary from-- bless you-- vary from 38 cents to \$1.08 per hour. It's a stipend. Traditionally, people start at about 40 cents and then as they prove their performance, their attendance, avoiding misconducts-- they even have a program where we pay people more money if they complete their high school or GED while they're employed with CSI. So ultimately, our goal is for everybody to stay gainfully employed, get to that \$1.08 an hour, and then ideally be transitioning to like work release and out the door.

DeBOER: I don't have any sense of this so I'm not asking for a specific number, but how many people do you employ in the production of license plates? Is this like 10 or is this like 1,000?

SCOTT FRAKES: I should have asked that question. I don't know. I don't know what that-- within CSI employees.

DeBOER: I would love to know just a--

MOSER: I think it said 500 someplace.

SCOTT FRAKES: That's our total CSI employment across all of the--

MOSER: Woodworking and everything?

SCOTT FRAKES: Yes.

DeBOER: Would love to know just a ballpark number.

SCOTT FRAKES: OK, I can-- we can get you a number.

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DeBOER: That would be great. I think that's all the questions I have for you. Thank you.

FRIESEN: Thank you, Senator DeBoer. Senator Cavanaugh.

M. CAVANAUGH: Thank you, Mr. Chairman. Thank you for being here, Director Frakes. I addit-- I have some additional wage questions as well. So you said it's 38t cents to \$1 an hour?

SCOTT FRAKES: \$1.08.

M. CAVANAUGH: \$1.08, OK. So how many-- how often has that increased over-- since 2008?

SCOTT FRAKES: We've had one that I can recall. We've had one rate-- wage restructuring since I've been here.

M. CAVANAUGH: OK.

SCOTT FRAKES: I can remember if that was 2016 in 2017.

M. CAVANAUGH: So is--

SCOTT FRAKES: And that's when we--

M. CAVANAUGH: --there's--

SCOTT FRAKES: --also the high school GED incentive program.

M. CAVANAUGH: So when you did the wage restructuring, did it increase the wages or did it restructure them to be less or the same, but different--

SCOTT FRAKES: I can't recall if it raised the top or not.

M. CAVANAUGH: OK.

SCOTT FRAKES: It may have just redistributed the different step raises.

M. CAVANAUGH: Because you have these other increases in costs and so I would like to know what the-- if we're factoring in an increase in the cost for manpower because that usually is a cost.

SCOTT FRAKES: The bigger wage,-- I mean, we talk about-- we use the term "stipend" for inmates that are working in state industries or in

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any of our other jobs because it's, it's not a true wage. The true wage cost is our staff that worked for CSI and are also paid out of that revenue fund rather than general fund.

M. CAVANAUGH: Sure. They just got a raise I hope.

SCOTT FRAKES: They did.

M. CAVANAUGH: Good. So I had another question. I'm sorry. Let me think for one moment. So the wages and then-- oh, I know. It was when you talked about the reentry portion. So does that mean-- what does that mean as far as wages go? Are they continuing to get those wages or are you transitioning them into a different program, different wage-- are they getting back closer to minimum wage then?

SCOTT FRAKES: So yes, they're transitioning to a different program. We don't run state-- Cornhusker State Industries that our work releases. And the goal there is, of course, that they're going out to the community and getting regular employment at hopefully better than minimum wage in the current market.

M. CAVANAUGH: So when they do the work release, that is a potential long-term employment for them?

SCOTT FRAKES: I don't want to, I don't want to confuse your mix and match, so.

M. CAVANAUGH: Sorry. Is there--

SCOTT FRAKES: We see-- Cornhusker State Industries or I just-- generically, we talk about correctional industries--

M. CAVANAUGH: Uh-huh.

SCOTT FRAKES: --across America as a really important tool for preparing people for release. So it's some vocational training. It's-- there's a little bit of life skills, employment skills training that comes. Occasionally, depending on what the work is, there may be some directly transferable skills. There's not a big market in the world for license plate production outside a prison, but furniture production and some of the other things that we do, yeah, absolutely you can get--

M. CAVANAUGH: Airplane production?

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SCOTT FRAKES: We haven't got there yet.

M. CAVANAUGH: Anything with sheet metal, probably there's some opportunities.

SCOTT FRAKES: Yes, so there you go.

M. CAVANAUGH: I have a family member who is a member of the sheet metal union, so. So the work release is after this program. So they do this program and then they would qualify potentially for a work-release program?

SCOTT FRAKES: Based on all those factors, sentence structure, and other things, but--

M. CAVANAUGH: And the-- is that a contract that the department has with other outside entities or is it something that they get on their own that they have to pursue on their own?

SCOTT FRAKES: Once they, once they're eligible for and move to a work-release setting, then they go out and find jobs on their own.

M. CAVANAUGH: OK.

SCOTT FRAKES: We'll assist. We'll provide them access-- in today's world, they've got to have access to a computer because pretty much everything's done online. So we figured out how to do that and we'll help the system and make it as easy as possible for them to get a job.

M. CAVANAUGH: Thank you.

SCOTT FRAKES: Um-hum.

FRIESEN: Thank you, Senator Cavanaugh. Senator Moser.

MOSER: So did you pitch the machinery that stamped the plates?

SCOTT FRAKES: You made me smile when you said that because I also, you know, was a fan. But the reality is, besides the-- had we continued down that path, the cost of plates would be even higher, the associated machinery becoming more and more expensive and the fact that that was always some dangerous machinery as well, so.

MOSER: Be dangerous.

SCOTT FRAKES: Yeah, I don't know--

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MOSER: Get your hands in it or something--

SCOTT FRAKES: I don't know of any state yet that's still doing embossed plates.

MOSER: But you-- so you don't have the equipment or the dyes or the stamps or anything?

SCOTT FRAKES: No, no, none of that.

MOSER: Yeah, I, I think there might be a business there. I've got one already though, so.

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

SCOTT FRAKES: Thank you very much. It's great to be here in support.

FRIESEN: It's a much more friendly committee.

DeBOER: Hey.

SCOTT FRAKES: Hey, every committee I testified before is friendly.

FRIESEN: Any other proponents of LB1259? Seeing none, anyone wish to testify in opposition to LB1259?

JON CANNON: Thank you. Senator Friesen, did you just say that this committee is much friendlier if you're not in opposition?

FRIESEN: You know, we're just a friendly committee.

JON CANNON: OK, wonderful. Chairman Friesen, members of the Transportation and Telecommunications Committee, my name is Jon Cannon, J-o-n C-a-n-n-o-n. I'm the executive director of the Nebraska Association of County Officials, also known as NACO, here to testify in opposition to LB1259. I have to note our opposition is not philosophical in nature. It's merely practical and I'd like to go through those reasons. Certainly like to thank Senator Geist for bringing this bill forward. This is a great forum for us to discuss everything that we've heard so far as far as what goes into the creation of our license plates and how they're used and how long they last. I know that I myself have often wondered about the life cycle of our plates. Why, why it is that every six years, we seem to cycle through a whole, a whole batch of new ones. There are some plates I

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wish we could keep forever and there have been other plates I thought, you know, a year is probably good enough. So this conversation certainly has, has informed me on the subject. Our biggest concern is the fact that the materials that we use in our license plates, they really are reaching the end of life after about five or six years. We start to see lots of damaged or worn license plates near the end of their life cycle. The wear and tear is definitely noticeable, particularly if you're talking about trailers, semi-trailers, or agricultural machinery and equipment. You really start to see those, those things start to break down. There is a concern for our law enforcement because they need to be able to visually see and inspect each of the license plates when they're pulling somebody over or, or anything related to law enforcement. By use of the current materials that we have with the wear and tear that we put on them over time, you will see an increase in the number of duplicates. And when you have more duplicate plates that are being issued or the replacement plates, as you had mentioned, the, the citizen cannot get the same license plate number. That, you know, creates a certain amount of angst. It's, it's a cost for the citizen. It's a cost for the county for us to, you know, actually have to issue these plates again for, for someone that probably shouldn't have needed to. Again, it's a worthy idea and we would certainly be interested in having the conversation, but we would need to understand that we need to have sturdier materials that go into our license plate system. I would imagine that would increase the cost, but that's-- for the other people that, that have already testified, they probably have way more information than I do about that, but those are our practical concerns about this bill. Again, philosophically, we think it's a great idea, something we should discuss, and I'd be happy to take any of your questions.

FRIESEN: Thank you, Mr. Cannon. Any questions from the committee? Senator DeBoer.

DeBOER: Just one real quick. So your objection is to the change from the six to ten years, but not to the increased price or do you have objections to both aspects?

JON CANNON: No objections to the price. We've, we've all seen how the cost of materials goes up over time and that certainly is something that as a state, we need to be concerned about. It's really about the wear and tear we put on our license plates.

DeBOER: All right. Thank you.

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JON CANNON: Yes, ma'am.

FRIESEN: Thank you, Senator DeBoer. Seeing no other questions, thank you, Mr. Cannon.

JON CANNON: Thank you, sir.

FRIESEN: Any others wish to testify in opposition to LB1259? Seeing none, anyone wish to testify in a neutral capacity? Seeing none, Senator Geist. Senator Geist waives closing.

GEIST: And now we will have Senator Friesen open on LB1147.

FRIESEN: Thank you, Senator-- Vice Chair Geist. I'm Curt Friesen, C-u-r-t F-r-i-e-s-e-n. I represent the 34th Legislative District and I'm here today present LB1147. LB1147 redefines the term defining recreational vehicles. Current statutes defines a recreational vehicle by square foot, which includes the square footage of the RV's pop-outs and slide-outs. Because of this, some RVs are not eligible for sale in the state of Nebraska. LB1147 defines the RV by its use and its compliance with certification standards of the Park Model Recreational Vehicle Standard of the American National Standards Institute. That's a long name. Representative of the RV Industry Association as well as a local RV dealer are here today to answer technical questions. And thank you for your consideration and I'll answer any questions if I may.

GEIST: Great. Thank you. Are there any questions from the committee? Senator Moser.

MOSER: Is this like defining electric bikes?

FRIESEN: No.

GEIST: Seeing no other questions, i-- this is getting out of control. Are there any proponents for LB1147?

MICHAEL OCHS: Vice Chair Geist, members of the committee, my name is Michael Ochs, M-i-c-h-a-e-l O-c-h-s, and I'm here on behalf of the RV Industry Association in support of LB1147. RVIA is the national trade association representing the diverse manufacturing businesses which manufacture more than 98 percent of all recreational vehicles produced in the United States: motorhomes, travel trailers, fifth-wheel travel trailers, folding camping trailers, parked model RV, and truck campers. We thank the committee for holding this hearing this

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afternoon on LB1147. This legislation will benefit purchasers of fifth-wheel travel trailers and is supported by RV manufacturers and dealers alike, as you will hear. Many years ago, to ensure that the Federal Housing and Urban Development Department did not attempt to regulate the RV industry, our association adopted a program requirement for our manufacturers, which imposed a restriction of no more than 430 square feet in the set-up mode for fifth-wheel trailers. This limitation was also adopted in the definition of fifth-wheel trailer in Nebraska Code Section 71-4603 (7). In late 2018, HUD drew a bright line between RVs and manufactured housing by redefining RVs as structures not certified as manufactured homes designed only for recreational use and not as a primary residence or for permanent occupancy and built and certified in accordance with the National Fire Protection Association 1192 RV Standard. The NFPA 1192 standard is also used by the Nebraska Public Service Commission in its code regulation and plan approval process for travel trailers and fifth-wheel trailers. As a result of the HUD decision, the RVIA Board of Directors, in early 2020, removed the 430-square-foot limitation program requirement to allow RV manufacturers to build fifth-wheel trailers that could be larger in the setup mode to allow consumers more choices when purchasing a fifth-wheel trailer. However, due to the restriction in Nebraska code and the state plan approval process by the PSC, these larger fifth-wheels cannot be approved or sold in Nebraska, depriving RV-- Nebraska-based RV dealers of the opportunity to sell them and requiring Nebraska citizens who desire this type of fifth-wheel travel trailer to cross state lines to purchase one. It should be emphasized that the removal of the square-foot limitation as envisioned by this legislation will not change the size of the vehicle as it travels upon the highways of the state. It will still need to meet width and length provisions in the law. The safety will in no way be compromised by the actions contemplated in this bill. The bill will merely allow the PSC to approve the plans and from Nebraska-based RV dealers to carry them and offer them to Nebraska citizens. This bill will also modernize the definition of park trailer in paragraph 16 of Section 71-4603 to bring it into line with updated definitions in other states and the HUD definition from 2018. It would change the term for park model recreational vehicle to adopt the most current industry terminology for these vehicles. The new definition would mirror the HUD standard as they defined it in their 2018 definition, which is the same as the definition outlined in the bill. So on behalf of the manufacturers and suppliers who make up the RV Industry Association, Nebraska RV dealers, and Nebraska RV owners and

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purchasers, I urge your passage of this important legislation. Thank you and I would be happy to answer any questions.

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

M. CAVANAUGH: Thank you. Thank you so much for being here. Are there any other states that have this restriction?

MICHAEL OCHS: There are a few, the difference being that none of them currently have to have plan approval process prior to sale in Nebraska. Nebraska and Washington are the only two states now that require prior approval of plans.

M. CAVANAUGH: OK. Do any of the surrounding states to Nebraska have--

MICHAEL OCHS: I would have to check--

M. CAVANAUGH: OK.

MICHAEL OCHS: --to be, to be certain. Again, it doesn't change the width or length definition as--

M. CAVANAUGH: Oh, that's what I--

MICHAEL OCHS: --they are when they're--

M. CAVANAUGH: Sorry, that's--

MICHAEL OCHS: --traveling down the highway.

M. CAVANAUGH: --that's what I'm specifically asking is if, if we pass this, would there be any issue if you were--

MICHAEL OCHS: No.

M. CAVANAUGH: --going into another state?

MICHAEL OCHS: No--

M. CAVANAUGH: OK.

MICHAEL OCHS: --there would not be.

M. CAVANAUGH: And then I noticed there is some struck language and I just-- as somebody who is very not handy at all, we're striking to

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construct "to permit setup by persons without special skills using only handheld tools, which may include lifting, pulling and supporting devices." That was seriously part of statute?

MICHAEL OCHS: That was part of the HUD definition that was changed in 2018, which was there for at least ten years prior to 2018--

M. CAVANAUGH: Wow.

MICHAEL OCHS: --at the federal level.

M. CAVANAUGH: I wouldn't be allowed to buy any vehicle then. Thank you.

GEIST: Yes, Senator Moser.

MOSER: What's the purpose of having a definition of a park model different than a fifth-wheel trailer?

MICHAEL OCHS: Because they are not the same type of vehicle. Park models, as a general rule, are wider and will require a special highway permit to be pulled down the highway. They are generally wider than eight and a half feet so they don't qualify as a vehicle without a special highway permit.

MOSER: And so their square footage is going to be different than a--

MICHAEL OCHS: And it, and it still is required by the ANSI A119.5 standard to be 400 square feet or less, which I believe we retain in this new definition.

MOSER: So is there a limitation in what size of trailer you can pull with a standard hitch versus an R-- fifth-wheel?

MICHAEL OCHS: Not as far as the trailer. It's up to the tow vehicle and what can be-- you know, what it can--

MOSER: What the load capacity is in the--

MICHAEL OCHS: --what the weight that can be--

MOSER: --trailer.

MICHAEL OCHS: --to be pulled by a tow vehicle.

MOSER: OK. Thank you.

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GEIST: Any additional questions by the committee? Seeing none, thank you for your testimony. Proponents. Good afternoon.

DAN WATERMEIER: Good afternoon, Vice Chair Geist, members of the Transportation Committee. I am Dan Watermeier, spelled W-a-t-e-r-m-e-i-e-r. I represent the commission's 1st district and current chair of the Nebraska Public Service Commission here to testify in support of LB1147. The commission regulates the production and sale of manufactured homes, recreational vehicles, and modular home housing units constructed and/or sold in Nebraska. As part of administrating the Uniform Standard Code for manufacturing homes and recreational vehicles, our housing and RV department reviews floor plans for all models for approval before that model can be offered for sale in the state. After review and approval, the unit must have a label or a seal applied to indicate that the unit has been reviewed and is in compliance with the code. Currently, any units over 430 square feet are reviewed and not approved. LB1147 would eliminate the 430-square-foot limit for travel trailer, fifth-wheel trailers, and park model recreational vehicles and allow the department to approve the units so long as other compliance is met. The commission supports this bill as the language allows a combination for increased square footage created by longer slide-out options for RVs. Since review of these units are already required, LB47 [SIC LB1147] does not create any additional work hours for the commission staff. Thank you for your time and I try-- be happy to try to answer any questions.

GEIST: But just to clarify, even though you're waiving the 430 square feet, it's still the same width and length going down the highway.

DAN WATERMEIER: That's right, as the director-- or the gentleman before me stated, most of these are eight and a half feet wide going down the highway, the ones that are pulled by personal vehicles, except for the other ones, which are the modular homes, which are-- get up to be ten feet wide, I think.

GEIST: OK. OK, thank you. Any other questions from the committee? Seeing none--

DAN WATERMEIER: Thank you.

GEIST: --thank you for your testimony. Any additional proponents? Good afternoon.

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DANIEL CLASSEN: Good afternoon. My name is Daniel Classen, D-a-n-i-e-l C-l-a-s-s-e-n. I am the general sales manager at Rich and Sons RV in Grand Island and I'm here in support of LB1147. Basically, from a dealer's perspective, these-- the units that we're that this bill would pertain to can be owned here, can be purchased by Nebraska residents. They just can't be purchased from us and that's the reason that we're obviously a proponent of the bill.

GEIST: OK. Are there any questions of the committee? OK. Senator Albrecht.

ALBRECHT: Thank you, Vice Chair Geist. Thanks for being here and driving all the way in from Grand Island. How many fifth-wheel trailers would you say you've had to pass on since this last law has been in effect--

DANIEL CLASSEN: I apologize.

ALBRECHT: --that you weren't able-- I'm sorry. I'm not speaking into this. How many sales have you missed, would you think? And not only--

DANIEL CLASSEN: That's a--

ALBRECHT: --yourself, but the industry in the state of Nebraska?

DANIEL CLASSEN: That's a tough one to-- this is a unit that we see that is a growing need. In recent years, side-by-sides and utility vehicles have gotten much larger. A few years back, the average industry norm was probably somewhere around the category of a 12-foot garage on a toy hauler or a fifth-wheel. Now, those are becoming increasingly more difficult to sell four-by-- four-wheel drive, four seat side-by-sides exceed 12 feet. And so we're seeing a lot more buyers that are looking for a garage space of 13 and a half to 15 feet, but that takes all of the living area out of the coach and so we've seen a change in the market. The manufacturers are responding to that change and that would require to build a unit that would exceed that 430 square feet. Again, as stated previously, the unit will still be under all other restrictions for length and width so it's still safe traveling down the road and will still meet all Nebraska requirements, but it would allow them to essentially build a unit that is going to go outside that 430 square feet to meet that need for the consumer.

GEIST: Any other questions? Yes, Senator Moser.

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MOSER: So it's not just recreational vehicles, but it's also like storage buildings and those sorts of things?

DANIEL CLASSEN: No, not, not necessarily. So a toy hauler fifth-wheel is designed with the garage area on it.

MOSER: Oh, OK.

DANIEL CLASSEN: And, and--

MOSER: It's got a--

DANIEL CLASSEN: --where people carry motorcycles and--

MOSER: The rear end pops open and--

DANIEL CLASSEN: Correct.

MOSER: --you want to get your vehicle to--

DANIEL CLASSEN: Yeah, with a drive-up ramp.

MOSER: --store it in there.

DANIEL CLASSEN: That's primarily what we would see this apply to. I suppose there could be other floor plans that would be made available as well.

MOSER: You don't sell, you don't sell storage buildings or--

DANIEL CLASSEN: No, no, sir.

MOSER: OK. What-- are there limits on how-- well, you probably wouldn't know if there are limits there. So if you have a customer who's interested in a vehicle, in a trailer larger than you have, can you work a kind of a local representative deal with somebody out of the state and refer them and then help service it or anything or are you limited not to be able to even though do that?

DANIEL CLASSEN: We're limited to the inventory that we have available to us based on manufacturers that we carry.

MOSER: OK. Thank you.

GEIST: Senator DeBoer.

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DeBOER: Thank you. What's the length limitation currently in Nebraska for how long an RV can be, do you know?

DANIEL CLASSEN: I--

DeBOER: You don't know.

DANIEL CLASSEN: The restriction has been the 430 square feet. I don't believe that there is a length difference. Mr. Ochs could maybe explain that better, but I don't, I don't believe that there is a difference in length versus the standard what I believe is 53 feet that the state law is.

DeBOER: OK.

DANIEL CLASSEN: We don't have anything that's anywhere close to that length.

DeBOER: I should tell you I'm asking in part because I know that my parents have an RV that's 45 feet long, I think. And so they have a couple of slides on it and I'm just-- I'm wanting to point out that it's pretty easy to get over that 430 square feet when you've got a 45-foot vehicle that then has a couple of slide-outs on it. Are you able to sell any of the quad side out-- slide-out vehicles right now or are they too big for what you can sell because of this 4t-- 430 foot--

DANIEL CLASSEN: We, we have models that have four and five slides, but again, those, those slides are in when the unit is being transported, so.

DeBOER: Right, I'm just trying to think of how-- I'm trying to sort of help answer Senator Albrecht's question about the number of models that are available out that you're unable to sell because of this limitation. So are there ones that are produced by major manufacturers that don't fit within this 430 limitation?

DANIEL CLASSEN: There are. We have two specific models that are coming up for 2022 that we're currently not able to order because we, we are not able to represent them based on size.

DeBOER: And are those from something like a Tiffin or a Winnebago or something like that, one of the major--

DANIEL CLASSEN: They would be Keystone RV.

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DeBOER: Keystone RV.

DANIEL CLASSEN: Specifically the Raptor brand.

DeBOER: OK, so there are several different brands, but specifically you have one--

DANIEL CLASSEN: Correct.

DeBOER: --where there are multiple models that someone could order, say, from a manufacturer or something to come into Nebraska. You just can't sell it in Nebraska.

DANIEL CLASSEN: That is correct.

DeBOER: Yeah. Thank you.

GEIST: All right.

DANIEL CLASSEN: Yeah, they can simply travel across any, any of our border states and purchase that unit and they can legally own it here. They just can't buy it here.

DeBOER: Yes. Thank you.

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

DANIEL CLASSEN: Thank you.

GEIST: Any other proponents? Good afternoon.

JUSTIN BRADY: Senator Geist, members of the committee, my name is Justin Brady, J-u-s-t-i-n B-r-a-d-y. I appear before you today as the registered lobbyist for the RV Industry Association. In all honesty, I just want to come up here and answer a couple of the questions. First of all, to the question, the total length of, if you think of a tow vehicle and the, and the camper it's pulling, can't be longer than 65 feet. That's current law. This bill does not change that. It will still have to fit in with eight and a half and 65 foot. Senator DeBoer, to your question, if you are in a motor home-- if you picture, what I-- motor home or the motor and everything and you're all in one unit, there is not a 430-square-foot--

DeBOER: Oh.

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JUSTIN BRADY: --restriction currently today. The restriction happens on the travel trailer side if you're actually pulling it with a vehicle. So this is in essence, as the gentleman right before me spoke, you know, to look at some of those-- Keystone and some of those other ones that are some of those travel trailers to also be able to offer the same slide-outs that the RVs or that the motor homes can have. This will then-- and the question of how many sales have they missed out on, I think the struggle for him to answer it was he doesn't know because they can't sell them. So anybody-- I mean, they are going to other states. I can tell you from a personal experience from our office, Korby in our office was looking earlier this year for a new one and talked to a dealer up in Norfolk of which they informed them, sorry, can't do that one, got to go to another state. She'd send another up, sorry, can't do that one, going to have to go to another state. So I do think the sales are being missed out on and the numbers on-- it's hard to come up with right now since they can't sell them. They can go up and down our roads. They can go to our state parks. They can go to our campgrounds. They can go everywhere in Nebraska. They can even-- I can drive to Iowa today, buy one, bring back here and license it. I just can't purchase it here in Nebraska right now.

GEIST: Yes, Senator Moser.

MOSER: The sales tax is paid were the vehicles is-- or the trailer is licensed?

JUSTIN BRADY: Yes, it believe it would be similar to vehicles.

MOSER: So if you bought it in South Dakota, Nebraska still gets the sales tax.

JUSTIN BRADY: Nebraska gets the sales tax, but the dealer in South Dakota gets the profit--

MOSER: Yeah.

JUSTIN BRADY: --not a dealer in Nebraska.

MOSER: Yeah. It'd be a double-whammy if we lost the sales tax--

JUSTIN BRADY: Right.

MOSER: --and the--

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JUSTIN BRADY: Now, if I figured out a way to get it licensed for six months in South Dakota and then brought it back, then I could--

GEIST: That would be a whole nother--

JUSTIN BRADY: Right.

MOSER: Six months and a day.

JUSTIN BRADY: Right.

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

JUSTIN BRADY: Thank you.

GEIST: Are there any other proponents? Are there any opponents to LB1147? Anyone who wants to speak in the neutral capacity? Seeing none, Senator Friesen, you are welcome to close on your bill. He waives closing. That will end the hearing of LB1147 and our time here together today. Thank you.