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Appropriations Committee
February 14, 2008

[LB771 LB811 LB1035 LB1139]

The Committee on Appropriations met at 1:30 p.m. on Thursday, February 14, 2008, in Room 1003 of the State Capitol, Lincoln, Nebraska, for the purpose of conducting a public hearing on LB1035, LB771, LB1139, and LB811. Senators present: Lavon Heidemann, Chairperson; Lowen Kruse, Vice Chairperson; Tony Fulton; John Harms; Danielle Nantkes; John Nelson; John Synowiecki; and John Wightman. Senators absent: L. Pat Engel. []

SENATOR HEIDEMANN: Welcome to the Appropriations Committee. I think we're going to get started. I'm sorry we are running just a little bit late today. Think I'll start by introducing the committee to you, and some of our personnel. Starting down to the right, who is not here right now, would be joining us later, is Senator Danielle Nantkes from Lincoln. She represents District 46. With us today is Senator John Wightman from Lexington, District 36. Joining us later will be Senator John Synowiecki from Omaha, District 7. Also joining us a little bit later, Senator Lowen Kruse from Omaha, District 13, who also serves as Vice Chair of this committee. This is Kendra Papenhausen. She serves as committee clerk. My name is Senator Lavon Heidemann. I'm from Elk Creek, District 1. I serve as Chair. Senator Pat Engel, who is from South Sioux City, serves District 17, will not be able to be with us today. Then we have Senator Tony Fulton from Lincoln, serving District 29; and Senator John Nelson from Omaha, District 6; and then Senator John Harms from Scottsbluff, District 48. Our page for the day and every day is Sam, I believe, there's Sam. At this time, we ask that if you have cell phones if you could please shut them off as not to be disruptive. Also reminding you that testifier sheets are on the table or near the back door, so we ask that you would please fill them out completely and put them on the box on the table when you testify. You do not need to fill out this form if you aren't publicly testifying. At the beginning of the testimony, for the transcribers that are following, we ask that you would please state and spell your name. Nontestifier sheets are near the back doors if you do not want to testify but would like to record your support or opposition; only fill out if you would not be publicly testifying. If you have printed materials to distribute, we ask that you please give them to the page at the beginning of your testimony. We will need at least 12 copies. And also, in the matter of time, we ask that you please keep your testimony concise and on topic, under five minutes would be appreciated. There seems to be quite a few people here today. This is a hot topic and one that concerns a lot of people. Because, in the matter of time, if there are going to be a lot of testifiers, we ask that you would please keep it as short as possible. We realize that you've probably traveled a long ways and we do want to hear your views and opinions. We ask, though, that you do try to keep it as short as possible and also that it doesn't get too repetitive. So at this time we're going to open up the public hearing on LB1035. Senator Loudon. [LB1035]

SENATOR LOUDEN: (Exhibits 1 and 2) Thank you, Senator Heidemann and members of the Appropriations Committee. I'm LeRoy Loudon, I represent District 49, and the last

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name is spelled L-o-u-d-e-n. I introduced LB1035 to jump-start construction on those segments of the Nebraska Expressway System that have federal funds. According to the Department of Roads, Congress has authorized \$73,507,071 in federal funds for three segments of the expressway. These funds require a 20 percent match, which would be provided by LB1035. The three projects are the Heartland Expressway in the Nebraska Panhandle, the Norfolk to South Sioux City Highway 35 corridor, and the Lincoln south beltway. As the state now has a healthy Cash Reserve Fund, I believe we should use a small percentage of that fund to leverage the use of federal money which has already been authorized. LB1035 would do three things. First, it would create the Expressway Construction Fund, which would be used by the Department of Roads to provide matching funds for expressway projects that have federal funds. Second, LB1035 appropriates \$16 million from the Cash Reserve Fund to the Expressway Construction Fund. Sixteen million dollars is roughly the 20 percent match that is required to access the federal funds. Of the \$16 million, \$4.8 million would leverage \$24 million for the Heartland Expressway, \$4.6 million would leverage \$23,178,536 for the Norfolk to South Sioux City corridor, and \$6 million would leverage \$30,328,535 for the south Lincoln beltway. Third, LB1035 would define the state expressway system in statute. At the present time, the only description or outline of the system is in the Department of Roads' state highway needs assessment that were issued prior to 2007. The department first included a system in its 1988 needs assessment. The system was part of the department needs assessment in subsequent years, through 2006, but last year the department did not even mention expressways in its assessment. I'm afraid that if the expressways aren't recognized as important parts of the state's highway system, they will be ignored, unfunded and never completed. As an example, according to the Department of Roads, it will be two to three years before acquisition of right of way begins on the Heartland Expressway. This time frame is a concern. It has been two years since the department held a meeting in my district to provide public information on the expressway. I've asked the pages to distribute two maps to you and I'd like you to look at the one labeled "Map 1." This shows a segment of the Heartland Expressway that was the subject of the meeting in Alliance on March 1, 2006. The black marks on the red line between Angora and Alliance is the portion that has received federal earmarked funds. The meeting notices states that the meeting was to determine which segment was to be built first and also of right of way acquisition. Federal earmark funds were initially authorized in 1991. Additional earmarks have been made since that time. The project has been postponed or placed on the back burner. That's partly due to the overall funding problems that the department has faced for some time now and, while the project has been postponed, the Department of Roads has changed its criteria for projects. In 2007, the department raised the average daily traffic count to 10,000 cars or greater for projects like the expressways. I believe we should use some of our Cash Reserve Funds to ensure that the matching money is there so that the Department of Roads can step up its work on the project. That's why I believe it's important to define the express system in statute. To do that, LB1035 uses the routes designated on a map in a 2006 state highway needs assessment. That map has been given to you and is

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labeled "Map 2." The system is shown in three colors and the map provides a key to these colors. The key shows that the route shown in green are planned, not programmed, which means they were not part of the original expressway system. The green segments go from Norfolk to South Sioux City, Minatare north to the South Dakota border, and Kimball south to the Colorado border. LB1035 would include all segments--blue, green, and red--in the Nebraska Expressway System. The original system was planned to have 600 miles and to connect all urban centers of 15,000 population or greater to Interstate 80, to add routes that have an average daily traffic of 500 or more heavy commercial trucks, and to add additional segments for continuity. The system will include multilane divided highways and super two highways. It may include interchanges where the system intersects with high-volume highways and local roads. Transportation is vital to all parts of Nebraska. We have the federal money to work on projects in three distinct areas of the state--the west, the northeast, and the southeast. I'd like to define the system in statute, use legislative power to give direction to the Department of Roads and make it clear to the department that the Legislature hasn't forgotten about expressways and the Legislature is willing to provide the small percentage of funds needed to use federal dollars that are already authorized. I would ask you to place the provisions of LB1035 in the budget bill you will be sending to the floor later this season. As we drafted this bill early on, we came up with a \$73 million figure and that, for the most part, has been...it's hard to get figures out of the Department of Roads, but somewhere along the line a 20 percent match is actually \$14.7 million. It isn't the \$16 million. But at the time when we were drafting this bill, why, we were hard to get figures out of it, so that's the reason the bill states \$16 million, but actually it would take about \$14.7 to leverage that. And over the years, some of that money has been used. As I say, it's hard to get information from them at times. Some of that money has already been used for that Heartland Expressway. Right now they're stating \$24 million, but I think some of that has been used already and I think it's down around \$20 million. So there needs to be some work through the bookkeeping someplace that this could be shaved down a little bit and lined up so that it would be a little bit smoother to work. So I would have no problem with doing something like that. And with that, I would be willing to answer any questions you might have. [LB1035]

SENATOR HEIDEMANN: Senator Harms has a question. [LB1035]

SENATOR HARMS: Senator Louden, could you explain to me, how does this actually work now? You've got, let's say, \$16 million or \$20 million, whatever the dollars might be. Is that then returned, dollar for dollar, back to this? If we're going to borrow from the reserves, I can tell you now we're going to want to see some of that money come back. Is that...exactly what happens? [LB1035]

SENATOR LOUDEN: Well, the 20 percent match probably won't come back. You're leveraging the federal money, but you have to have a 20 percent match, and the state has to pony up the 20 percent, is the way that works. [LB1035]

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SENATOR HARMS: Okay. [LB1035]

SENATOR HEIDEMANN: Are there any other questions? Senator Fulton. [LB1035]

SENATOR FULTON: Thank you for attention to roads, Senator. Would you be willing to give or can you offer some rationale as to why the expressways have taken secondary consideration, speculate what... [LB1035]

SENATOR LOUDEN: Okay, now... [LB1035]

SENATOR FULTON: If you don't know, I'm asking for your opinion. [LB1035]

SENATOR LOUDEN: Yeah, I can give a lot of them but I don't know if you want me to criticize the Department of Roads that much. [LB1035]

SENATOR FULTON: Well, is there a... [LB1035]

SENATOR LOUDEN: I mean that's where it's all started. That has been on there for a long time and, yet, they would proceed to do, well, you're looking at your six-lane interstate system. I mean they dropped all of the expressway system of any funding whatsoever, whether it was leveraged by federal money or not, and went to work on that, which is a lot of that is 80 percent federal money on that, your interstate system. But that's mostly that and the fact that the engineers will tell you there isn't enough traffic there, nobody lives out there, or whatever reason they want to give that they don't want to do it. And I'll give you an example of when we were trying to find some money on this, we sent a letter down there and asked them, you know, how much money would it cost to finish the expressway system in western Nebraska, that Heartland Expressway as you see on there. And they wrote back and I think he said \$279 million or something like that. And, of course, I've lived out there all my life and I wrote back and I said, well, you want to remember that from Alliance to the South Dakota border is just to be a super two, which means a two-lane highway with climbing lanes on the hills and stuff, and some of that is already completed. So then they wrote back and said, well, that's right; it would cost \$9 million. And I mean, my God, we went from \$270-some down to \$9. All they did was measure how far it was across there and multiply it by \$2 million a mile and send the answer out. And I noticed the other day in one of the newspapers they did the same thing. They told how many million dollars it would take to finish the expressway system and some of that expressway system is supposed to be super two. So this is...you know, we have a problem here. I think the Legislature has to address it. [LB1035]

SENATOR HEIDEMANN: Senator Harms. [LB1035]

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SENATOR HARMS: All right. I guess Senator Fulton...you know, we had a press conference this morning that talked a little bit about, you know, two bills that are coming forward that Senator Flood has introduced. And I think what we're trying to find is a blend here between making sure that we have an infrastructure for all of Nebraska. We have no intent, I don't have any intent, of taking anything away from Omaha and Lincoln and that sort of thing, but we have to find a way there's a blend here. Because if you look at that expressway, I can tell you that it is critical to many parts of Nebraska if we're going to have any opportunity to grow. That infrastructure for the agricultural world is critical. You know, the infrastructure in highways and telecommunication or, you know, technology is critical, hospitals are critical, and public schools are critical, and that's a part of it. And the thing that you will find with the Department of Roads, they do not take economic development into consideration, and that's one of the things we're going after. That has to be there or we have no hope at all. And so I think what you're seeing here are just some of the seeds of the problem, just beginning of what Senator Louden has brought forward, and my thoughts are that we need to find a middle road here and a blend so that we have some hope for it and that rural America will have the kind of infrastructure, or the rest of Nebraska would have the kind of infrastructure that would encourage and would allow economic development to take place. And that, to me, is going to be the argument and the debate that we're going to have to have. And I think that if it doesn't occur, I think you'll see much stronger legislation in the future that will, in fact, start to address those issues. So I think that this is just a warning. There's a lot of conversation that's coming forward and it's just important that we have a good infrastructure. And Lincoln and Omaha are growing and we got to keep that. It's important for us. Somehow we've got to find a blend and that's...I think that's what a lot of this is going to be about and the fact that we just keep...that part...the rest of Nebraska just gets...keeps getting put off. There's never an answer for that. There's never a...you're on the list, but then all of a sudden, well, if you ever get close to the top, somehow you end at the bottom, or you may just disappear, just goes into a dark hole and you don't ever come out. So that's the issue that we're battling and I think that's going to have to change if we have any hope at all for all of Nebraska to be healthy and be a part of economic growth. [LB1035]

SENATOR HEIDEMANN: I'm going to make a couple statements. Then I'm going to ask you a couple questions. I will say that I am a huge supporter of the expressway system. There's no doubt about it. My district is a living testimony to what a four-laner can do. I had somebody from my district that was in today from Syracuse, Nebraska, and I asked him how his town is doing. And I know how Syracuse is doing, but I just love to ask the people from there how their town is doing because they say it's doing good. And I says, why is that? He says, location, location, location--they're easy access to Lincoln, and they also live on Highway 50, which is right up the road you have Omaha. Expressway systems do make a difference, there's no doubt about it, and I will tell you that I support this expressway system and I hope to eventually see them completed. Now I do have to go on about how you're trying to address this. You said that we had a healthy Cash

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Reserve Fund. What's your definition of a healthy Cash Reserve Fund? [LB1035]

SENATOR LOUDEN: When I was down here...when I first came down here, Senator Heidemann, I think the Reserve Fund was, what, \$50 million or less, so Lowen Kruse could probably remember what it was, but I mean at one time I thought we had hardly enough money to run a week and... [LB1035]

SENATOR KRUSE: That's just what we had. [LB1035]

SENATOR LOUDEN: And so when I look at, you know, \$540 million or so, why, yes, to me that is considerably healthier than where we have been. Now if you have on the spending side, yeah, that will all go away, like they said before there was \$700-and-some million worth of appropriations that was put out to take care of this \$540 million. Well, I don't think we want to go the limit. But there are these...this is leveraging federal money. This is the difference, is you're going to get some construction. And as I've said before, when you have road building, and anybody that's been in construction business, but when you put out like that Heartland Expressway or something and there's a \$20 million project there and you have construction crews and construction people go in and do that, how much taxes do you get back from the state of Nebraska on the people that were doing the construction and the people that were doing the work? I mean, there it isn't all out go. There's going to be some taxes come back from it. And that's been ever since the new deal under WPA days, I guess under Roosevelt, was you'd go out and find jobs and do jobs and you'll get a certain amount of that money back. So I think to the Department of Roads' claim they don't have enough money to keep up the construction or their maintenance on some of it so they're cutting back, and this is a way that there is some federal fund money that can continue with some road construction besides getting some work done on our expressway system. [LB1035]

SENATOR HEIDEMANN: What happened back in those years that there was \$50 million in the Cash Reserve and then this downturn happened? [LB1035]

SENATOR LOUDEN: Oh, I think we took money away from everything and we let the counties and different entities...the counties didn't get to but there was a lot of that was pushed...a lot of the expenses were pushed back out on the counties and that's where some of them haven't recovered since then. By doing that, I mean, we raised the cap on the schools to, what, \$1.05, \$1.06 or \$1.07 or something like that, so that took part of the state aid away. We did...we took away the jail fees. We took away some of the road money. One thing that they did try to raid, they raided every fund there was there and I fought tooth and nail with even Senator Ed Schrock because he wanted to raid the Highway Trust Fund and I knew if we ever raided that fund we'd be the first to lose, is out in the rural areas. They was...it was the funds, some of the Environmental Trust Funds I think got raided. That's what they did, they raided it. Any place you could find

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some that they could get some money, they took it out. [LB1035]

SENATOR HEIDEMANN: So you...so what happened, I'm going to make a point here, they either pushed it back and increased property taxes because of it, or there was certain taxes that actually the Legislature themselves increased. And my point being, if we start taking money out of the Cash Reserve and tough times do hit us, and if we actually do this, you're saying then that we need to do this but we could set ourselves up for tax increases down the road, and you're okay with that. [LB1035]

SENATOR LOUDEN: Well, that's... [LB1035]

SENATOR HEIDEMANN: I don't like to be that pointed, but literally that's what we would set ourselves up to do. [LB1035]

SENATOR LOUDEN: Okay, but you want to think of it like this. This is how, to me, government works. Government shouldn't be sitting on a huge bunch of money. I was on school boards and everything else and I didn't believe in having a big cash reserve fund. You need to have enough to take you through some...a certain amount of rainy days, but sure, yeah, are you going to have a year or two bad? You probably will. Do you have enough money to pull you through with a bad...a couple of bad years with the income and the revenue you'll get? You probably can. Do you intend to have enough Cash Reserve Fund to carry it through for five or six years? I don't think you can ever do that because, first of all, you can't forecast out that far on what your needs might be or how much you're going to spend. So, yes, I think a certain amount of Cash Reserve Fund is right, but if you got to where you had to spend too much money or the costs got too high, yes, you raise your taxes. That's the problem now with the Department of Roads or the transportation fund, is they've never raised the taxes on gasoline or anything else so, consequently, we're in a shortfall. Nobody had the nerve to do it. Last year there was some little bit of an effort made and that was vetoed, so to spend more money you have to raise taxes. [LB1035]

SENATOR HEIDEMANN: I'm not trying to pick on you, but we have a heck of a balancing act about what we try to do. And you're true, you can't forecast what's going to happen and if literally we knew that this was going to be a short downturn and you could actually do some of these things, it would be good. And maybe we went too far last year with some of the things that we did and maybe we should have did things like this here instead, you know, but we had our priorities last year and, because of that, we probably don't have as much room...wiggle room this year. But I mean I guess we just need to look at priorities. Senator Harms. [LB1035]

SENATOR HARMS: Senator Louden, if we don't use the federal dollars, do they actually go back to the fed? How does that work and how long do we have available to do this? [LB1035]

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SENATOR LOUDEN: Well, my understanding the way it works, the Department of Roads and John Craig says, no, that will always be there because we fund it, but I have talked to some of the federal people and, yes, it will sit there awhile but there will come a time, just like the state of Nebraska, if they need the money, it won't be there. It will be gone. I mean I don't think it's going to sit there forever. [LB1035]

SENATOR HARMS: Do they invest that money and do they put the interest back in? All those dollars are sitting there. What happens to the interest? [LB1035]

SENATOR LOUDEN: I think that's in...I think it's just in the federal money and I think they...I don't think there's ever...I've never seen where there's any interest, you know, included with it. [LB1035]

SENATOR HARMS: Thank you. [LB1035]

SENATOR HEIDEMANN: Senator Nantkes. [LB1035]

SENATOR NANTKES: Thank you for coming down to visit us, Senator Louden, and I think that Senator Heidemann did a good job of bringing out some of the larger philosophical questions to be asked when we're looking at the economy as a whole, where we are today and where we may be in the near future and further down the road, no pun intended I guess. But I guess another philosophical point that I wanted to bring out and just get your thoughts on was if, in fact, we are moving to a time where our economy might be a bit trickier, where we might be experiencing a downturn, isn't there also an argument to be made that now, while we have been careful stewards of the taxpayer dollars and have amounted a healthy Cash Reserve, as you mentioned, that it makes sense to truly leverage one-time investments for things that are critical to expanding our economic development efforts and helping to really swim against the tide of any economic turndown? [LB1035]

SENATOR LOUDEN: Oh, I agree. You know, when we have the money, that's when you want to do the job. In the future, we might not have the money. We'll have to worry about something else. But if you're going to bring some economic development...and some of the letters that I got in my office, I didn't bring them for...to put in as testimony or anything because I figured the people will be there, but like they say, that truckers don't like to get...they like to have, you know, be within 15 miles of an expressway. This is all economic development. We're talking about trying to develop, as far as the Heartland Expressway, we're trying to develop western Nebraska. There is a transportation corridor coming across western Nebraska. If we have our part of it or some of it built, we will get that across Nebraska. Otherwise, it will be in Wyoming. Right now, South Dakota is building a four-lane expressway to the Nebraska border. That is within about 30 miles of the border and they're doing grade work onto the border, so I

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mean it is coming from the north, all the way from Canada. At that time, there will be four-lane expressway from the north border of Nebraska to pass Belle Fourche, South Dakota, if you know where that is, clear up next to Montana. It's quite a ways going north. It gets up into country that you don't see much of. Anyway, this is what we have to decide what we're going to do for economic development. Sure, there will be all kinds of issues out there and this is up to you people here in this committee to decide which ones you want to invest in, which ones you think will do the good. But I agree that when you got the money is when you do something. [LB1035]

SENATOR NANTKES: Thanks. [LB1035]

SENATOR HEIDEMANN: Senator Wightman. [LB1035]

SENATOR WIGHTMAN: Senator Louden, you talked about an area between South Dakota border and does that come clear down to Alliance where... [LB1035]

SENATOR LOUDEN: Yeah. [LB1035]

SENATOR WIGHTMAN: ...Map 1 starts at, you said, the state Department of Roads said \$279 million and then later revised that figure to \$9 million or something? [LB1035]

SENATOR LOUDEN: Well, if you look, that, from the South Dakota to Alliance, was always supposed to be a super two in there expressway system. It never was meant to be four-lane expressway and I've never asked for it to be four-lane expressway. Now part of that coming out of Chadron is a super two. There's climbing lanes coming out of there for, oh, seven or eight miles out at Chadron, up at the Pine Ridge and some of that. Then after that they've straightened up the road from what we used to call the 40-mile corner in there. If you look on your map, it goes straight now down to Alliance, and you used to have to jog over to Hemingford. A few years ago they cut across farm country and straightened that road out, built a viaduct over the railroad track at Berea, and brought it on down to Alliance. Now that was a part that when I first asked them, they added that in there as a four-lane expressway at \$2 million a mile. The next part, from where you see about Angora there and goes to Minatare, that...some of that has already been done. That's four-lane expressway as far as Scottsbluff. Well, from Kimball to Minatare is four-lane expressway now. The other part that...segment that will probably in the future is that one from Kimball south. That at the present time is just a two-lane highway, but that's part of the Heartland Expressway and part of the Ports-to-Plains Transportation Corridor that goes into Colorado, goes down through Limon, Colorado. Now where we were fortunate is Colorado voted to push their expressway and their transportation corridor to the east through Limon. They didn't want it through Denver and I-25 anymore because they're having so much trouble with traffic on I-25. That's the reason. They're just now building three lanes there and when you talk about traffic between here and Omaha, you don't know what traffic is until you go

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north from Denver to Fort Collins. I've seen a time when it was a six-lane parking lot, and that's all it was. So that's the reason. We were fortunate for Nebraska that Colorado wanted to push that transportation corridor to the east side of their state, brought it straight up through Kimball and through that way. [LB1035]

SENATOR WIGHTMAN: But traffic is a whole lot less from the South Dakota border down to Alliance than it is between Alliance and Scottsbluff, I'm sure of that. But what... [LB1035]

SENATOR LOUDEN: Yeah, at the present. [LB1035]

SENATOR WIGHTMAN: But did you give a figure of 9,000 to 10,000 for 24 hours? [LB1035]

SENATOR LOUDEN: No, they raised that, see? Here's what, Senator Wightman, here's what...I've been at this now for six years down here with Department of Roads. And the first year I came down here, you get your great big book from the Department of Roads and they give you your traffic count, and I noticed on there that there was about 4,000 traffic count, 3,900 or something, south of Alliance. So I pointed it out to Fredrickson and John Craig one day. I said, well, that traffic count is equal to that what you get on your four-lane expressway going south from York, is about 4,000. I said why aren't we doing something with these federal funds? And they, well, they didn't know. So then the next year the book came out, they dropped the traffic count on it down to about a little over 3,000. Now I don't see how there was that many less cars were driving over it so I asked them and they said, well, we counted them at the wrong time before. There was too many trucks running on it, something like that. So fine, that was that year. So then I said, well, I notice on your map now, this was the second year, that you have a four-lane expressway that goes clear to Berea. Oh no, supposed to go to Alliance. I said, well, look on your map; it goes clear to Berea where that overpass is. The next year the map came out, it quit at Alliance. So this is what you're...it's a moving target and that's what they've done now. When they got lower on money, they've raised the car count and then that puts the rural areas out. What is it they used to say? They just put the jam on the next shelf a little higher. [LB1035]

SENATOR WIGHTMAN: But the traffic count is much, much lower then on the area that they're talking about the super two. [LB1035]

SENATOR LOUDEN: Going north from Alliance at the present time isn't what it is from Alliance south. The reason from Alliance south, then you have a lot of that that goes...you got Highway 2 coming in from the east, you have the people from Alliance, and then you have...once...if the four-lane expressway is built to that Angora junction, as we call it, then you have another corridor that goes to Sidney; 385 corridor goes down to Sidney and on south from there. [LB1035]

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SENATOR WIGHTMAN: Thank you. [LB1035]

SENATOR HEIDEMANN: Senator Harms. [LB1035]

SENATOR HARMS: John, I'd just tell you I think that the traffic is continuing to increase because of the growth at Chadron State College. That college is growing heavily and that's the only way of transportation, and most of those kids go north and south. So I think there's probably a lot more traffic there now than there has been, and probably will be even in the future, so... [LB1035]

SENATOR WIGHTMAN: Is the super two going to be sufficient for that area if we're having the growth from Chadron to Alliance or...? [LB1035]

SENATOR HARMS: I've never...I never have agreed with that so I don't think so, but I'd be...we'd basically be happy to have the super highway, get the rest of it put together and worry about that later, because it is the key to our future for economic development. The other thing that Senator Louden brought out is this Ports-to-Plains highway is critical for us. I don't think people really understand that it goes from, you know, what the Ports-to-Plains is actually planned to do. It's going to tie us all the way down into Mexico and all the way up into Canada, and the traffic and the trucks will all be converted back and they're going to come right down that corridor. That is probably, for western Nebraska, maybe the largest shot in its arm in the economic development side because they're going to have to have all kinds of things along that highway to be able to service these people that are coming up on that. The other side is that tourism is a big issue. It's a great opportunity. And tourism, you know, if we had the traffic, I mean if we had the expressway connected almost to the Black Hills, it just opens that whole corridor for us. And Senator Louden is absolutely correct, if we don't do this it's going to Wyoming. They're already trying to get that moved and we cannot afford to have that happen to us. So I think it's a lot more than what people really understand and realize, and I commend Senator Louden for what he's doing here. So thank you. [LB1035]

SENATOR HEIDEMANN: Any other questions or comments? Seeing none, would you be sticking around to close? [LB1035]

SENATOR LOUDEN: Yes, I would. [LB1035]

SENATOR HEIDEMANN: Okay. [LB1035]

SENATOR LOUDEN: Thank you. [LB1035]

SENATOR HEIDEMANN: Is there anyone else wishing to testify in support of LB1035? [LB1035]

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LOWELL JOHNSON: Senator Heidemann, should I continue? [LB1035]

SENATOR HEIDEMANN: You bet. [LB1035]

LOWELL JOHNSON: (Exhibit 3) Okay. My name is Lowell Johnson. I'm the city administrator...I'll spell my name. It's L-o-w-e-l-l J-o-h-n-s-o-n. I'm the city administrator at Wayne. I'm also the vice president of the 35 Expressway Association and I'm here speaking kind of with both roles. We see this as an opportunity to match a great deal of federal funds that are already in place, and that if you look at where that money would trickle to, the federal funds and any state match would go immediately to projects and contractors and business people in Nebraska. And I think you'll see that turn, if you look at how economics turns and how money turns, it will probably turn itself into more money than we already have now. So I think that would be...I mean that's something...that use would be prudent. I want to thank Senator Loudon and Senator Avery for introducing this bill. I've been involved in funding support for expressways since 1989, partly as a private citizen--I happen to be working for government now but---and I have kept the same role with the association. It was developed in 1988 as a plan to connect the largest cities. It was an agreement between the Legislature and the Department of Roads and the Highway Commission. Recently, as Senator Loudon said, the Department of Roads, partly out of triage and partly because of internal decisions, have not consulted the Legislature and have made the choice to stop funding expressways. If you travel nationwide, and I'm going to...I'm abbreviating my remarks because of Valentine's Day and the snow, so we all have things to do tonight, I'm assuming. If you travel nationwide, Nebraska is really hard to find and rural Nebraska is invisible. And in the global economy, there are a lot of little companies out in Nebraska that are shipping to Asia and Europe that we don't even see and know about. Their survival means transportation has to be there, and so that's what our interest is. Recently, the Department of Roads has had a difficult role because the additional funds that were anticipated to be appropriated when the expressway was set up did not get out, they did not ever get appropriated. So the Department of Roads has been trying to build this expressway system with what they had, so there is some credit due there. They're flat out of money. And in my efforts to try to help guide this process, I've been to some of the Highway Commission meetings, and a year ago the Highway Commission challenged me to come out in public and say I support a tax increase because, if I'm serious, we got to have more funding. I can't, of course, speak on behalf of the city of Wayne (laugh) and ask for a tax increase, but it's time for the public to step up and support you guys and support the Highway Commission and the Department of Roads because it's not the engineer's role to go out and raise their own money. It's our job to find appropriations and that's what our comment is here today. As I said, I see this matching funds as an opportunity to get a dollar...\$4 of federal money into Nebraska and into use and into our economy and into contractors' pockets and to laborers' pockets, into people's pockets in the state. And if in a downturn, if that's what's coming,

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is a good time to do that. So we're not asking the Legislature to select road projects--all of us here are from different areas of the state--but we are asking you to help the Department of Roads complete the expressway system because they simply don't have the money to do it. And it is our responsibility, as members of the public, to support you in your efforts to increase funding sources for the Department of Roads to build this expressway and complete the project. What I handed out was one more map of probably the same thing you already have. It's a great system. It accesses a lot of Nebraska. Nebraska was built with railroads, electric power, highway systems, telephone lines. All those, those costs, have all been socialized across the state so they're equal, and that's what has made this a successful economy state, is that if you live 20 miles away from a phone...a telephone service line, you don't have to pay that extra cost to get there. The REA is the same way, you don't have to pay extra. It was there because we all believe we're in this together, and that's our hope here, that we'll take a little bit of money and leverage it out for a lot of money, get it back in the economy and get it rolling. So thank you. Any questions? [LB1035]

SENATOR HEIDEMANN: Thank you for appearing before the Appropriations Committee here. Is there questions, comments? Thank you. Anyone else wishing to testify in support of LB1035? [LB1035]

MARLENE JOHNSON: (Exhibits 4, 5, and 6) Good afternoon and thank you for allowing me to testify. I am actually here in support of all three bills and I hope that's okay. [LB1035]

SENATOR HEIDEMANN: That's great. [LB1035]

MARLENE JOHNSON: (Laugh) My name is Marlene Johnson. I'm the mayor of West Point, Nebraska, and for your information, West Point is located on Highway 275, sort of midway between Norfolk and Fremont. So we're in the upper corridor there. I'm also here to testify on behalf of the city of West Point and also the behalf of the League of Municipalities. I serve on that board. So, Senator Heidemann, members of the committee, thank you again for allowing me to speak. Basically, I just want to...I don't want to reiterate everything that's been said. I thank Senator Harms. He definitely echoes a lot of what we feel as far as the economic development part of it is concerned that's vital to a community like West Point. We need to know where and when this is going to happen so that we can plan annexation, plan future growth, because we do have businesses that approach us and ask where the expressway is going to be located. We can't really tell them currently so that they can possibly take options on ground and so forth, and so that's just one of the aspects. And Senator Harms addressed that very well so I will not go into a lot of detail on that. The other issue is also safety. In the city of West Point, the Highway 275 travels right through West Point and our schools are on the east side of Highway 275 and we have a lot of the population also that lives on the west side. So we have numerous children that are

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crossing this highway every day to get to schools. It's a four-lane highway through town. I can't give you traffic counts right now. We are in the process. They are going to do a study on Highway 275 through West Point. That is in the works and so we will probably find out a better traffic count at that point in time. But that is another vital, important issue, is the safety of not only school children but also we have an elderly population. They, too...because our main street is on the west side of the highway, so we have a lot of people that are going back and forth across the highway to get from point A to point B. So safety is very, very important. The handouts you are receiving, the one is a listing of the projects from the 1988 expressway plan that was set forth in 1988. These are the unfinished segments of the '88 expressway plan. And the other two are letters of support from Schuyler, Nebraska, and Nebraska City, from Mayor Adelung from Nebraska City. They were not able to be here today to testify because of the weather, roads were not good, and so they submitted their letter which I have shared with you. So I, you know, I just want to stress that this is all very important to us. I realize that the money is a problem, as it is for all of us--for cities, money is always a problem also--and we're not expecting anything overnight. I'm not selfish. I don't want West Point's to be the only one that's finished. I want us all to benefit from this expressway system because I think it's important to every community in Nebraska. It's the way we need to grow. And so I am willing to put the city of West Point in line to wherever we will fit into the picture. We're just looking to see some progress on the expressway system, which we haven't seen in the last five to six years. Attending the district roads meetings and so forth, every year we get moved further down the line and I'm afraid one of these days we might fall off the radar if something can't be started. So that's basically my feelings on it and the feelings of my community. And so if you have any questions, I'd be happy to answer them if I can. [LB1035]

SENATOR HEIDEMANN: Thank you for testifying today. [LB1035]

MARLENE JOHNSON: Okay. Thank you. [LB1035]

SENATOR HEIDEMANN: Are there any questions? Seeing none, thank you. [LB1035]

MARLENE JOHNSON: Okay. Thank you very much. [LB1035]

SENATOR HEIDEMANN: Welcome. [LB1035]

PHIL GREEN: (Exhibit 7) Hello. My name is Phil Green, G-r-e-e-n. I'm the assistant city administrator for the city of Blair, Nebraska, and I'm here to testify on behalf of all three of these bills. On behalf of the mayor and the senior staff of the city of Blair, I'd like to thank Senator Loudon for introducing this bill. Also like to extend my appreciation to the committee for the opportunity to come before you today. The city of Blair supports and encourages additional funding for the state highway system. As has been reported in the media and as all of you know, the costs for highway construction are increasing.

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Revenues from state and federal fuel taxes are decreasing. Therefore, we support the transfer of funds from the Cash Reserve Fund or any other appropriate source for additional highway construction. However--and I guess I would come before you today seeking an amendment, since one of the reasons why I even wrote on my little lapel sticker here, revised highway system--the city of Blair strongly opposes any new funds targeted solely to the state highway system as it is currently presented today. Originally proposed 20 years ago, sections of the state and federal highway included in the original plan, we believe, do not truly reflect today's statewide needs for highway construction and expansion, primarily Highway 133 extending up from the Irvington exits or on Blair High Road up to the southern part of Blair. And we believe that it does not reflect that need today based on current traffic counts, as well as the safety records, and I've included in the material that I've handed out to you some traffic counts from the Department of Roads for the last eight years on traffic counts along Highway 133, and those have gone up 20 percent over the last eight years to almost 8,000 per day. Communities across Nebraska, including Blair, have highway improvements that are properly classified as wants. The city of Blair believes, based upon highway traffic counts and, again, safety accident records, that completing this section of Highway 133 from the Douglas County border to the roundabout south of Blair is truly a state need, not just a want. Additionally, if additional funds were to be allocated to enhance economic development in and around Nebraska, we also believe that a bypass on the east side of Blair would lead to significant industrial growth, both in the Blair area as well as in the region. [LB1035]

SENATOR HEIDEMANN: Thank you for testifying today, Phil. Are there any questions or comments? Seeing none, thank you. [LB1035]

PHIL GREEN: Thank you. [LB1035]

SENATOR HEIDEMANN: Welcome. [LB1035]

DAN MAUK: Mr. Chairman, members of the Appropriations Committee, my name is Dan Mauk, last name is spelled M-a-u-k. I'm here to testify in support of this bill, as well as LB779 and LB1139. I serve as the president and the executive director of the Norfolk Area Chamber of Commerce. I'm a registered lobbyist for that organization. On behalf of the Norfolk Area Chamber of Commerce and our 600-plus members and the 14,000 employees they employ, we urge your support of any and all fiscally responsible means to complete the 1988 Nebraska Expressway System. The Norfolk Chamber was involved actively in the creation of the expressway system through late Senator Connie Day's efforts. We know the Department of Roads has been working within their means to try to accomplish the construction of the highway expressway system, but the dynamics of funding have been going against them for several years. There are many challenges in rural Nebraska, particularly with small and midsize communities. Whenever we get an economic development prospect one of the first questions on their

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list is, are you within 15 miles of a four-lane expressway or an interstate highway system? For Norfolk, that makes us a nonstarter right out of the box. Every time a young person leaves rural Nebraska to seek economic opportunity elsewhere, that further burdens the remaining taxpayers in that county with an increased per capita burden. Without the infrastructure to support economic development in rural Nebraska, we are all destined to fail, and we need to make every appropriate effort to change that dynamic. We urge the committee to work within the body to find consensus to help solve this statewide problem. I've got some comments to read from some of our larger members in Norfolk. From Vulcraft and Nucor Cold Finish Divisions, the general manager, Dirk Petersen, says Nucor Vulcraft Group and Nucor Cold Finish are vital industries to northeast Nebraska with a payroll of over \$35 million. They have 500 employees in those two divisions. Their teammates pay an annual tax of over \$2.5 million. They generate over \$350 million in sales, and they have customers all across the country but very few within a short distance of Norfolk. In other words, their customers are elsewhere and they need the infrastructure to be able to reach those customers. For Nucor Cold Finish and Vulcraft to remain profitable in Norfolk, they need to be able to have ready safe access to their markets elsewhere. From Affiliated Foods Midwest, Affiliated serves over 800-member stores each day in central...the central states of the United States. Their truck drivers drive over 14 million miles per year and they send and receive an average of 1,000 trucks a week into Norfolk. Accidents or unfavorable road conditions greatly affect and hinder their traffic flow along the two-lane portions of these routes, and their ability to deliver goods in a timely manner is affected. From Nucor Bar Mill, Nucor Bar Mill has a, approximately, \$45 million payroll and 470 employees. General Manager Mike Lee says, Nucor Bar Mill Division of Nucor Steel has customers all across the region. Truck traffic supporting our Norfolk operations is substantial. Just in the last year, in the year 2007, they had 18,876 truckloads of finished product transported to their customers, they had 12,673 truckloads of steel scrap delivered to the mill, and an additional 2,225 truckloads of miscellaneous product. That's a total of nearly 34,000 trucks for Nucor Bar Mill Division. From Norfolk Iron and Metal, which is a homegrown steel distribution center, their president, Richard Robinson, says the Norfolk Iron and Metal is a homegrown, family-owned steel distribution center with customers all across the Midwest, mostly outside of Nebraska. Norfolk Iron and Metal prides itself on timely deliveries, which are key to their success in today's marketplace. Safe roads are also a key to their staying profitable in Norfolk, Nebraska. Norfolk Iron and Metal has over 100 trucks on the road every day. We urge the committee to consider every possible solution to a problem that we have waited 20 years to have solved; 2008 represents the twentieth anniversary of the 1988 expressway system. We ask you to fulfill the promise. And I'm open to any questions that the committee might have. [LB1035]

SENATOR HEIDEMANN: Are there any questions or comments? Seeing none, thank you for testifying today, Dan. [LB1035]

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DAN MAUK: Thank you. [LB1035]

SENATOR HEIDEMANN: Welcome. [LB1035]

DOUG CUNNINGHAM: (Exhibit 10) Thank you, Senator Heidemann, members of the committee. I do appreciate the chance to be here. My name is Doug Cunningham, C-u-n-n-i-n-g-h-a-m. I am the registered lobbyist for Affiliated Foods Midwest in Norfolk, Nebraska. I am going to offer general support, I'm passing one letter around, but general support for LB1035, LB771, and LB1139, and just in general finding a way to complete the expressway system. At Affiliated Foods, and Mr. Mauk gave a good description of us, but I just want to show you what it's like through the eyes of one company. We do service 800 stores in the Midwest, a little over 800 stores. We have Highways 275 and 35 coming through Norfolk on the expressway system, but neither one are four-lane yet. We also have Highway 81 coming through Norfolk, U.S. Highway 81, that is not on the system and is also not four lanes. So we run a lot of trucks and, as Dan said, about 1,000 trucks a week come in and out of our facility. We drive 14 million miles a year. We employ 650 people in our Norfolk facility. So, as you can see, for us to grow it's absolutely vital, and vital for the sustainability of our company, that that expressway system gets done. Our closest competition, or at least the main competition in our business, is in Kansas City, Missouri, and they have great access to road systems. And so for us to be competitive, we have to get the expressway system done, if we can. If we want to grow those 650 jobs, if we want to, at the very least, sustain those jobs, it's very important that we do that. But now, as I sit here--as you know, I've sat in your chair and it's much more difficult in your chair--I can sit here and ask for money; I know it's not easy. It's very difficult. I can tell you that I believe, though, that the decisions that this Legislature makes will have a large impact on my company; the city I live in, Norfolk, Nebraska; and also all of Nebraska. And as the mayor of West Point...or was it the mayor...someone earlier said when we spend the money on the roads we're going to have the economic development, that's going to help us replenish that money in the Cash Reserve Fund. So sometimes you have to spend money to make money. I realize it's a very difficult thing to ask of you, but we would very much appreciate if you'd give this your full consideration. [LB1035]

SENATOR HEIDEMANN: My wife tells me that, too, once in awhile--you have to spend money to make money. (Laugh) Are there any questions or comments? Seeing none, thanks, Doug. [LB1035]

DOUG CUNNINGHAM: Thank you. [LB1035]

SENATOR HEIDEMANN: Welcome. [LB1035]

LARRY BOCKELMAN: (Exhibits 11 and 12) Welcome. Thank you for having us and you are being very patient, I know, to listen to all of us, but it's a very important issue we

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have before us. My name is Larry Bockelman, that's B-o-c-k-e-l-m-a-n, from Wisner, Nebraska. I'm the mayor and I come in support of all three bills before you today. Sam, former student of mine, is going to hand out letters of support for the city of Wahoo and from the city of Fremont. And this issue, like has been stated already, is so important to the economic value of all of our small towns and larger communities. I'm going to give you a little different approach, because you've heard everything that I was going to say so I don't want to be redundant. From a systems perspective, as an old biology teacher, it seems like everything is connected. If something, one part, one organ system doesn't function correctly, the whole system fails or is going to be operating at a lower level. And likewise, I'm speaking to the choir here, you realize the same thing. We are looking for, of course, the completion of a system, the expressway system. We're looking for it working not only in our larger communities but our rural settings as well, allowing us to have an opportunity to function, to maybe have some of the economic growth that other communities are seeking as well. It's competition out there and we would like to have a fair shake in order to seek some of that as well, to attract businesses in our community. In the past, the railroad used to separate our communities. You lived across the tracks. We in Wisner, we have the 275 issue and it's on the north side of our town and if you live on the north, that's where most of our residential area is, but south is our business district. And trying to connect the two parts is difficult and it becomes, as Mayor Johnson said earlier, a safety issue for our citizens to cross the highway on a daily basis to get their mail, go to the grocery store, etcetera. And so I'm speaking to you to support the completion of systems. I'm not here to put one before the other. They're all important. That's not necessarily your job either. It's the Department of Roads. Department of Roads knows how we stand and where we sit and they know my opinion and...but their hands are tied evidently. So we're here to speak to you in support of the completion of the highway system. Do you have any questions? [LB1035]

SENATOR HEIDEMANN: Are there any questions or comments? Seeing none, thank you. [LB1035]

LARRY BOCKELMAN: Thank you. [LB1035]

SENATOR HEIDEMANN: Is there anyone else wishing to testify in support of LB1035? Seeing none, is there anyone wishing to testify in opposition on LB1035? [LB1035]

JOHN KNAPP: (Exhibit 13) Handout here. My name is John...thank you, Senators, for the opportunity to comment. My name is John Knapp. I'm from Sarpy County, Nebraska. And I guess I have a problem with this Reserve Fund, tapping Reserve Funds, for something that should be addressed, in my mind, through transportation and weighed on its merits. And I believe these...there are merits in the projects proposed here, but \$500 million sounds...I'm a small farmer and so \$500 million would carry me for my lifetime, and I don't see your budget...I don't deal with your budgets and so I have no clue as to how...what kind of a...how many weeks, days, hours \$500 million will carry

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the Legislature. So like I said, it sounds like a lot of money, but when you deal with big dollars it's not a lot of money. My main concern with this legislation is that in Sarpy County...I'm concerned about the way the definition of an expressway is defined. In Sarpy County the expressway on the state's two...the definition, it says the state...the expressway on the state's 2006 maps and have federal funds appropriated. Well, the handout I handed you is about an earmark that happened in Florida. If you change that developer's name to the Seldin Corporation, we have a very similar situation that happened here in Nebraska. The Seldin Corporation lobbied for federal funds and got it. They got a \$4 million earmark. When they told the Sarpy County officials that they had the federal dollars, Sarpy County Highway Department said, it's not in our budget, we can't, it's not in our six-year plan, we can't fund this. The state Department of Roads said they...that the interchange was not...they were doing their new six-lane expansion along the Platte River. They said the Pflug Road interchange was not a priority on their list. And it was our understanding that to get federal funds you have to have...it has to be on the state's priority list. And it also was not on the map as 2020 plan. Well, and then to get these projects going, you have to do environmental impact statements and the county said, we don't have no money in our budget to even start this. So the Seldin Corporation says, we'll loan you the money, but you got to pay it back in your next budget year. So now we've got an environmental impact study going on the Pflug Road interchange. Normally, in Sarpy County, normally if a developer pays half the cost of a new road projects they go buy his property. The Seldin Corporation argues that they spent \$250,000 lobbying to get the \$4 million from the federal government, so they shouldn't have to pay half of the \$500,000 estimate for the environmental impact, so they aren't. In the meantime, you can't use...well, in the meantime, you can't use the federal monies unless, as I said, they're on the state priority list. So now if you look at the 2006 year map, I think that...just a gentleman beside me showed me a map and up here in the corner, that shows a little exit around Omaha, if it's handed out, and it shows a blue line, and that is the proposed expressway through Sarpy County connecting the Pflug Road interchange with a bridge over the Missouri River, and that roadway has not really ever been publicly documented the need...I mean, it's been discussed, not that it's, you know, nobody has talked about it, but it has never had a public hearings, went before the public and been truly put up against other projects like what...that have historical precedent. And so...and like it's...so anyway, in fact, HDR did a survey on the sewers and water for the county and that area they said would be funded or that the next interchange in Sarpy County should be built around 180th Street, which is about five miles down the road. And currently, from this Pflug Road interchange that they're proposing, it's only about a mile and a half or two miles from the Flying J exit on Highway 31, so we have an interchange in the area already. But if you look at this 2006 state map, it is a priority. The state Department of Roads put it on a priority list. They said, we're not going to give you any money; if the county wants to build it they're going to have to take the federal money they got and the county is going to have to build it. But the state put it on their priority list. And then, if you look at the state's...or the county's new road plan, it's now on the county's one- and six-year plan. It is now on

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MAPA's 20- and 30-year plan. And so I'd say to the people out in western Nebraska, you just got to get high-powered developers to support your projects and they seem to be able to get the money and the ball rolling. And so in an Omaha World-Herald editorial, the Omaha World-Herald did kind of a road to nowhere. Ted Stevens in Alaska has a bridge that he tried to build and there was votes traded on that bridge for this, and the World-Herald did an investigative report on the road to, I think, the interchange to nowhere was the title. Anywhere, in response, Ted Seldin did an editorial and he was supporting the interchange as a way to promote economic development, and he said that the state was losing jobs at a very high rate and that those...people are leaving the state and we needed to promote economic development in the area to keep those people in the state. And Sarpy County is one of the fastest growing areas in the state and this proposed development, if the development in Sarpy County goes as planned, you're going to be running this bypass right through the center of an urban area and it's going to be a commuter road, and I don't see where truckers would find that any better than driving through, just going on and driving through Omaha. And there's been other talks that this road should be through Cass...MAPA has, in meetings, has talked about possibly doing a bypass clear down into Cass County to bypass the area. So anyway, my concern, the way this legislation is written, it looks like it would bring the Seldin's proposal into the picture. There's going to be Tim Gay, a former Sarpy County Commissioner, who I feel supports the Seldin, is going to be coming in for, I think it was, \$50 million, and I think all this will put this on a fast track to getting done. And as people from Blair said, I think it should be evaluated against other projects in western Nebraska. And it bothers me, I always hear from Omaha, they always want money, anything good for Douglas County or Omaha is good for the state of Nebraska, and it may help but I think transportation is important and all parts of the state should benefit and we should be weighing projects against each other, the merits of each. Thank you. [LB1035]

SENATOR HEIDEMANN: Could you state and spell your name for us, please?
[LB1035]

JOHN KNAPP: Oh, I'm sorry. John Knapp, J-o-h-n K-n-a-p-p. [LB1035]

SENATOR HEIDEMANN: Okay. Thank you. Are there any comments or questions for John? Seeing none, thank you. Is there anyone else wishing to testify in opposition of LB1035? Is there anybody wishing to testify in the neutral position on LB1035? Seeing none, would Senator Louden like to close? [LB1035]

SENATOR LOUDEN: And here I thought John was going to testify in a neutral position. (Laughter) [LB1035]

SENATOR SYNOWIECKI: No, I would have been in opposition. No, I'm just... (Laughter) [LB1035]

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SENATOR LOUDEN: I didn't notice that look in his eye. Well, thank you, and I want to...committee and Senator Heidemann, for listening today, and I want to thank the people that testified in favor of this bill. Also, I think the gentleman that testified against the bill, I want to thank him, too, because if I lived in Sarpy County and had all that development going on I probably wouldn't be here today either worrying about roads, because it looks like to me they got plenty of roads there. And I understand he's worried that they're going to build another road through Sarpy County that probably don't work for anything and such as Pflug Road, but that isn't what this is all about today, this bill. You handed out uncompleted expressway segments with that and, as you notice, LB1035 is just with the federally funded earmark parts. It isn't with the uncompleted expressway segments. And the only one that I'm really familiar with is that I-80 north to Kimball, and that is something that I felt the Department of Roads should build on their own, and I think they eventually will because that was put in the five-year plan when Governor Johanns was in office but it's always been pushed back. So that's the difference between LB1035 and some of the other ones, is we're talking about leveraging federal earmark funds. And as they've mentioned, transportation and development is really important, and when you look at what we have in western Nebraska, as well as Nucor, I visited Nucor the other day and they do, the amount of steel that's hauled out of there is phenomenal and that's a huge asset for that part of Nebraska, that steel mill there, along with everything that goes with it. And also, when I was there the other day, I drove by the ethanol plant, so they're doing quite well there, and I understand, and that's what this is about, is to help some of that corridor area in that part of the area. Out west there, why, when we talk about transportation, we don't have steel but we have dry edible beans, if any of you know anything about that. That all goes to Mexico and that...most...a lot of that has to be trucked out of there. Some goes by railcar, but for the most part that goes by truck. You have white wheat and that goes to the coast to go to Taiwan. That's what they make their noodles with. And the other day they used the trains, but they loaded 40 cars of white wheat out of Hemingford. So we do have products that can be sold. The red winter wheat, a lot of that goes to the Gulf Coast. A lot of it goes on railcars to the East Coast, but that is all transportation and is all trucking that has to be done. And especially since Governor Heineman has went to Cuba, there's meat products that are sold to the Gulf Coast and on to Cuba, and of course, with Cuba, that's cash on the barrelhead. And a lot of those meat products will come out of the Colorado area and come off of cattle they're fattening in western Nebraska. So with that, I want to remind you that this is just to leverage federal earmark money, and I want to thank you for your attention today and I'm certainly pleased that you were able to hear this bill. [LB1035]

SENATOR HEIDEMANN: Thanks, LeRoy, for coming in. Are there any additional questions or comments? Seeing none, thank you. [LB1035]

SENATOR LOUDEN: Thank you. [LB1035]

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SENATOR HEIDEMANN: With that, we are going to close the public hearing on LB1035. There was a little bit of a change. We are going to now hear LB1139, Senator Johnson. Welcome, Senator. [LB1035]

SENATOR JOHNSON: (Exhibit 14) Thank you, Senator. I'm Senator Joel Johnson, J-o-e-l J-o-h-n-s-o-n, and representing the 37th Legislative District. One of the things that, I guess, when I was working on something here the other night there was something about the perfect storm. You might remember, there was even a movie about that a few years out back where all of these factors came together and created this horrendous storm. What it kind of reminded me of, as I was looking into what we're going to talk about here today, is the exact opposite, and this used to be back in the sailing ship days in that the exact opposite was the perfect calm, so that there was no wind and the sailing ships just sat there day after day after day. That's kind of where I see Nebraska right now is this perfect calm situation. Another way of looking at it, of course, is just circling the wagons. What we hear is that for new construction we're really basically talking Interstate 80 only, and basically starting at Omaha and going west or to the Platte River now, with obviously a long way to go. How about funding? Well, you know, kind of one of the interesting things as far as our taxes are concerned is that when gasoline was \$1 a gallon and our taxes were 27 cents per gallon, that comes out to 27 percent. Now at \$3, and still at 27 cents, or is it 25 cents now, because I think we actually lowered it, we're down to 8 or 9 percent of the cost of being in taxes. Kind of an interesting situation, but there are other things as well. Federal funding is decreasing, if by nothing else just by inflation. I think the number that I saw it is now less than half of what it was approximately 15 years ago, just by the inflationary factor. Other people have talked about toll roads. I don't know where you could put a toll road in Nebraska, except at the Interstate bridge out here on the Platte River, and that is not likely to happen. We've had no experience with bonding either. The other potential source, and will be discussed, is Senator Fischer is talking about a different way of funding, using the General Funds and so on. But here's the other side of what is going on, and what it is, is this, is that if you stop to consider road building, it has one of the highest inflation rates of anything in the United States. Diesel fuel is over \$3 a gallon, up from what, 70 cents not very long ago. The China uses half of the concrete in the world now. Steel is the same way, etcetera, everything that you can think of that goes into road building is very significantly increased. I heard the figure recently of 11 percent per year. Now what's been going on in Nebraska particularly regarding economic development? Well, I think we've done some good things. We've had the LB775 legislation and the Nebraska Advantage and so on, and we've done a pretty good job of funding education, both K-12 and higher education. These obviously are critical things to our state. But in the year 2006, in the Logistics Magazine, published in New York City, there was a story in which the state of Nebraska combined, I would call it an informational ad, if you will. Beautifully done, citing Nebraska's advantages as a logistic center. We are that logistic center. We have got potential. I think that we need to

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expand upon it. Now here just recently we listened to the Governor's proposed budget in the State of the State. He did mention that we have \$15 million that we might use from General Funds for road construction. He also put in the budget \$75 million, and this was for "property tax relief." Last session of the Legislature, or this last year, there was an additional \$115 million for the same reason. I'm not sure that's a good idea. If this isn't tax relief, this is tax shifting. We're asking one person in the way he gets taxed to "bail out" the other person who pays the property taxes. I think one of the grave dangers of this, and you're as much aware of it as I am, is that when you do that there is no incentive for the person who relies on the property taxes to, you know, be frugal, or any other definition that you want. Interestingly enough, I'm going from here to the Government Committee and talk about this very thing. One of the things which is most disturbing, and we've got to start paying attention to these kind of things, is that Nebraska is fourth in the United States in public employees per capita, we're fourth. And if you think that we have quite a few counties in 93, do you realize we have more than double that as far as the number of electrical companies, all of which are public. There's more than, I think, more than 190. We've got to become more efficient. Well, what is the driving force right now? There's one thing that I think is the overwhelming driving force that we have to grow in Nebraska, and what it is, is this, is probably in 2010 Iowa is going to lose their fifth Congressional seat and go to four. I can remember when we had four, we now have three. And perhaps as early as the 2020 census, or certainly by 2030, we're probably going to lose our third Congressional seat if we don't grow Nebraska more than we are at the present rate. And if you stop to think of that, our number one industry--agriculture--will not be represented. Clearly, with how our population is in this state, our agriculture industry can visit their Congressman in either Omaha or Lincoln. Now we talked about the 11 percent inflation rate, but in our Cash Reserve, where we're talking about keeping this money, the return rate is 4.9 percent. So in saving our money, we're losing over 6 percent a year. And, you know, when there isn't as much road construction going on the contractors are going to be scrambling for bids. It may be one of the best times to get the best competitive bids we can get. Now a couple of things, the expressway system was adopted in 1988. We basically, the parts that we have completed are a hub and spoke system to our two hubs--Lincoln and Omaha. I've got Roger Keetle from my office here, holding up a map so that you can kind of...so that you can get this. I kind of have maps in my head, but for those of you that don't, why we'll try and show you what we're talking about. So we have this hub and spoke system pretty much in place. There are parts of it that haven't been done. The other segments that have been put in, and there's virtually none, but as an example there is one from Columbus to Norfolk, and either end of that, basically, goes nowhere. So what good does it have to put in that segment? Now in 2002, when I first came to the Legislature, there were excellent people spent a lot of time, went all over the state trying to figure out where we should go with our transportation needs. As best I can tell, their report has been filed and has been gathering dust ever since. We are going to supply you with that material, as well as some other things. But I think what you need to get out of this is this, it says develop a priority system, develop a priority system. I think it would

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be a huge mistake to go back just to the original plans in 1988 and start from there. Times change, we need to change. The second thing, as I have looked into this, that I have become convinced is perhaps the single most important thing that we do is this, if you look around the state of Nebraska, we do a mile here and a mile there and a mile here and a mile everywhere. We don't do any projects that are meaningful. And now when I'm talking meaningful, I'm talking meaningful as far as economic development. What this basically does is it keeps local entities, our Roads Department, and the state of Nebraska, and do a mile of road here and there, pat the local people on the head and say, we'll have another mile for you next year. It does nothing for economic development with these horrendous consequences that we've been talking about earlier on the horizon. Therefore what expressway could we build that would do the most good, give us the most bang for the buck? And I don't think that there's any doubt as to which one that should be. What I actually did is took the Governor's budget of \$75 million and looked to see what this project would cost, and it's \$73 million. And what it is, is it's the 22 mile stretch from Schuyler to Fremont. And what this would do is this, is that it would essentially give you an expressway system from Norfolk to Columbus to Schuyler to Fremont and onto Omaha and the rest of the world. But it does more than that. There are four highways west of this stretch that is now in existence between Norfolk and Columbus, highways 275, 20, 91, and 92, as I recall, that stretch out from basically Norfolk, Columbus, all the way to Valentine. And so that if you start in Valentine and want to go to Omaha, when you need an expressway because of the congestion of the traffic, you get it. And this area that would be served by just doing 22 miles to complete this project is about one-fourth or one-fifth the area of Nebraska. It would be like giving an expressway system to New Hampshire and Vermont combined; it's that important. Here's the other thing, we talk about safety when we think of riding in your car. Have you ever thought about the person in the back of an ambulance going from Albion to Omaha? This is commonly known by the ambulance drivers as the "Schuyler Trap." Here are the other things from an economic standpoint that say this has to be done. The expressway connections put together the last two largest population centers in Nebraska. Now not only are they the largest population centers, but they're the two largest manufacturing centers. We heard Senator Loudon talk about the steel plant. It's 1 million tons of steel they turn out. And if you have a chance to go there, I think it's one of the most marvelous places in Nebraska. These are high-paying jobs. I think that that industry pays an average salary over \$50,000 a year. Columbus is the single most highly industrialized city in the state of Nebraska, if you look at it on a per capita basis. There are other things that are extremely important as well to agriculture. Two major packing plants would be helped enormously if we do this. In addition, there are three existing ethanol plants and four other proposed plants. One last thing regarding what this would do. We talked about an expressway system from Norfolk to Columbus to Omaha. But with a few modifications just west of Fremont and just north and west of Wahoo, you can basically have an expressway system from Norfolk to Columbus to Lincoln as well. In 1961, you might remember a Nebraska football coach by the name of Bill Jennings said as he was leaving the state, with I think a 1 and 9 record, Nebraska

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will never be great in football. I think this is the Bob Devaney for Nebraska, this is the Bob Devaney for economic development. And if we do this, and I am right and it shows us what completing a meaningful segment of expressway will do for Nebraska, maybe there's a Tom Osborne or two that will come out of this as well. Excuse me for talking so long. I hope it was worth your while. [LB1139]

SENATOR HEIDEMANN: Always an enjoyment to talk to the person who sits in front of me during the session up there; a lot of knowledge. Are there any comments or questions of Senator Johnson? Thank you. Are you going to be sticking around to close? [LB1139]

SENATOR JOHNSON: No, I actually am skipping about from place to place here today, so thank you very much. [LB1139]

SENATOR HEIDEMANN: They got you skipping now? (Laughter) [LB1139]

SENATOR SYNOWIECKI: With a walker. (Laughter) [LB1139]

SENATOR JOHNSON: Yes. Thank you. [LB1139]

MICHAEL NOLAN: (Exhibit 15) Senator Heidemann, members of the committee, my name is Michael Nolan, you spell the last name N-o-l-a-n. I'm the city administrator of Norfolk, here testifying in support of LB1139, LB1035, and LB771. My testimony would, in a conceptual contest, would apply the same to all the bills. What I'm handing you out is just a little demographic reminder, not to belabor something that you already know but just to draw some inferences that you may have not thought about for awhile. This top one was out of a World-Herald of probably about five years ago. I save these because I'm always doing talks on Nebraska's demographics which I think that historically have, for rural Nebraska, has been sort of incrementally becoming bleaker. The only map I haven't shown you is the one that was done by the Department of Economic Development between 1980 and 1990, when we started using LB775, that showed that practically I think about two-thirds of the 93 counties were exsanguinating people. I think this really brings what we're talking about here into...in a macro perspective, so what Senator Johnson and other proponents have said is we're at a point where this is really a crossroads. And I want to show you especially the first slide, where it talks about the population surge. That surge that it's talking about is what happened between 1990 and 2000, and that really amounted to about 140,000 people. But you notice, if you go back to 1920, the population was about 1.3 million then, so we didn't really grow an enormous amount in that 70 years. And I'm going to suggest to you that what we have to do on this discussion is to have the will to invest in the infrastructure of the state, and this is...the other contention I will make to you is that the old highway is more important than the information highway. The information highway has a nexus to the old highway, and we've got to realize that you don't create Nucor Steels and Affiliated Foods and

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Behlen Manufacturing without looking at their full needs for services. We have a statement that we have said before the Revenue Committee on a number of occasions that used to draw laughs and I don't think it's quite as funny as it used to be. We say that if it wasn't for Nucor Steel, Stanton and Madison County would be a developing country. (Laughter) Maybe it's still funny now for Senator Nelson, but that's absolutely a true statement. And we've been through some fairly bleak times here recently. We lost 1,200 jobs, I think you're aware of that, a few years ago when Tyson pulled out. We had an enormous critical mass of effort that was led by Senator Flood to try to save the Specialty Protein back in July and because of the fact that we don't have gas infrastructure now that can take care of the needs of our industries, we miss that industry. We have Louis Dreyfus who is, I think, next to Nucor and maybe the Hy-Vee Corporation, the best corporate citizen, recent corporate citizen to Norfolk. Certainly they are phenomenal people to work with. They're looking some place in Nebraska to put a \$50 million...either in Nebraska or Iowa, a \$50 million expansion. Imagine what that would do to northeast Nebraska if it goes there, if we can get that gas problem solved? We have infrastructure needs in all of these areas. This last slide here kind of shows you who we are. In every place where you see color, I wish I had this map in color, on both the top and the bottom slide is really where we've put some thought into developing our expressway system. The only thing that doesn't show up on this one here is the red...the pink areas around the metropolitan area of Omaha, and then there's a purple area, this is off the Department of Economic Development's map of how the economy of the state is organized. But the rest of the state grows primarily along the interstate, about 40 miles either side of it, and that will show you how important having that piece of infrastructure across the state is. So this is very, very important. The solution, I think, and I don't say this to be critical of any elected officials, our own elected officials either, because we're all in this together, but I think the solution really fundamentally comes down to the will and some leadership to do this, however painful it might be. If that means we have to have somebody that goes across the state doing multiple PowerPoint presentations, explaining to the citizens of the state why we have to do this, why we have to make a sacrificial investment in the infrastructure of the state, then that's what needs to be done and maybe, if it's not going to be the Governor or somebody else that does it, then maybe it needs to be somebody like Senator Johnson that does it. But however we do it, we've got to rally around that person and really put a lot of effort into resolving this problem. It's that important. [LB1139]

SENATOR HEIDEMANN: Thank you for coming before us today, Mike. Are there any questions or comments? Seeing none, thank you. Our of curiosity, how many people are wanting to testify in any position on LB1139? Thank you. Welcome. [LB1139]

JOE MANGIAMELLI: (Exhibit 16) Thank you, Senator Heidemann. Members of the Appropriations Committee, my name is Joe Mangiamelli, M-a-n-g-i-a-m-e-l-l-i. I'm the city administrator for the city of Columbus. I want to thank Senator Johnson for introducing LB1139. There was a lot in my testimony that you've already heard, so I will

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refrain from going into great detail. I would reiterate, though, for you that you've heard how important it is for industry and industrial development in a community to have access to a four-lane facility or the interstate. Obviously, Columbus is 70 miles away from the interstate, so the expressway system is very important to us. Again, in the interest of time, I will get to what I think is probably the most important aspect from my perspective, and that's job creation and revenue generation. I appreciated Senator Nantkes, in her earlier comments, talking about the investment into the expressway system. That's what it is. That's what we're talking about--investing in the state through the expressway system. Without that investment the corridor from Norfolk to Columbus to Fremont and into Omaha and points south is not going to grow as we all hope it will. Those jobs and the revenue that's going to be generated are going to come from this area. It's not all going to come from Omaha, it's not going to all come from Lincoln. We need this corridor and the communities that are adjacent to this segment of the expressway to be able to attract business, attract employers, attract industry that will provide revenue to this state if, in fact, we can make this investment. So again, in the interest of time, I will not read you my entire page but limit it to those comments. Thank you very much. [LB1139]

SENATOR HEIDEMANN: We appreciate that. Are there any questions or comments of Joe? Seeing none, thank you. [LB1139]

JOE MANGIAMELLI: Thank you. And on behalf of Columbus, have a nice Valentine's Day. [LB1139]

SENATOR HEIDEMANN: Thank you. (Laughter) [LB1139]

ANNE HALL: Thank you. Good afternoon. [LB1139]

SENATOR HEIDEMANN: Afternoon. [LB1139]

ANNE HALL: (Exhibit 17) My name is Anne Hall and I am here testifying today on behalf of the Columbus Area Chamber of Commerce, where I serve as the board chairman. I would also like to express our community's strong support for LB1139 and our thanks to Senator Johnson. Again, as Joe said, the reasons, a lot of the reasons have been already stated, so I will not repeat those either. I think that...I think it's important that you understand that we recognize the importance of protecting the state's Cash Reserves and certainly I respect your desire to be frugal with that fund. But at the same time, as a regional banker in northeast Nebraska, I have been in banking for 22 years in Columbus, I also am keenly aware of the need for this project to be completed. And I firmly believe that the only way to build long-term sustainability of that Cash Reserve is by building the economy of Nebraska. We are never going to get it by, you know, Senator Johnson told you we're losing money by saving money, and I am a believer in that. We absolutely have to build the economy of Nebraska and that requires good

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access to areas out of the state, outside of just the metro areas. That was the original intent of the expressway system and it is still a very good idea today. That geographic area that will be covered, it's huge. The number of people that will be affected is 250,000-plus that this project will serve. So I would urge you to move LB1139 forward, out of committee, and allow for full debate with the Unicameral. So with that, I thank you for your time and for your service to the state. [LB1139]

SENATOR HEIDEMANN: Thank you for coming in today, Anne. Are there any questions or comments? Seeing none, thank you. [LB1139]

ANNE HALL: Uh-huh. [LB1139]

MARY JOHNSON: Good afternoon. [LB1139]

SENATOR HEIDEMANN: Afternoon. [LB1139]

MARY JOHNSON: (Exhibit 18) I'm Mary Johnson and I am a registered lobbyist with Ruth Mueller Robak, and today I'm testifying on behalf of the Associated General Contractors, and am executive director of Nebraska on the Move. Senator Johnson referred to the Transportation Task Force report. I am handing you two pages of that report, since there's a little dust on that report now that it's going on four years of age. But I will tell you, of the recommendations that were in the full report, which I gave you a copy of last year, we have accomplished a number of those items that dealt with roads funding. One was to return the half-cent sales tax on motor vehicles and also to capture that sales tax last year on leased vehicles. So we have been working through and been accomplishing some of our recommendations, and we're still using that as a footprint to move forward. One thing I will tell you is that of the 12 hearings that we had across the state, one of the strongest messages we could put in our report was that there is strong public support to accelerate the completion of the designed expressway system in Nebraska. As you can see from the section that I handed out to you, the task force heard that continual push back of the completion was a major concern in all parts of the state. Future growth and prosperity of several of the state's major employment centers depends upon how rapidly the expressways can be completed. From these hearings, it was apparent that there is still a great tie between expressways and economic development. The time is now to develop new economic opportunities. Waiting for expressways to be completed continues to be unsatisfactory and is just not an option for many communities. Nebraska needs to improve routes that link to major economic centers and transportation hubs in surrounding states. This includes accelerating completion of the expressway system and improving north/south routes through the state. That is exactly what LB1139 will do. Just to let you know, Nebraska on the Move is very active. We have a large board that still meets regularly to take a look at the report and how to move it forward. I listened to Mike Nolan testify about a PowerPoint statewide and we can tell you how to do that because we have been on that road trying

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to get to people in all 93 counties. The Associated General Contractors and Nebraska on the Move is pleased to support Senator's bill, LB1139, and I'm happy to answer any questions you might have. [LB1139]

SENATOR HEIDEMANN: Do we have any questions or comments? Seeing none, thanks, Mary. [LB1139]

MARY JOHNSON: Thanks. [LB1139]

KEM CAVANAH: (Exhibit 19) Good afternoon, Senator Heidemann, members of the committee. I'm Kem Cavanah, that's K-e-m C-a-v-a-n-a-h. I'm the economic development coordinator for Schuyler, Nebraska, and my community is where the expressway stops. So we have a direct vested interest in its completion from our community to Fremont. The handout that's being distributed to you at this time hopefully will provide a little different of a perspective and information than you have not received so far in testimony. I apologize for reading to you, but I am, but that way my remarks will be brief because this chair is warm and I'm sure yours is getting warmer. So let's move forward. The Highway 30 expressway corridor, and that is a concept that's being introduced, the Highway 30 expressway corridor between Columbus, Schuyler, and Fremont is favorably positioned for sustained growth in both employment and population over the next several years. As of this morning, I accessed Nebraska Job Link on the Nebraska Work Force Development and I asked it two questions: How many positions are currently available for employment within a 20-mile radius of Schuyler and Columbus? There were 310 job postings on the web site as of this morning. That number has been fairly constant for the past several months. I then asked the web site what's the number of job postings for Fremont within a 20-mile radius. Again, 210 jobs were posted for openings for opportunity for people. Not included in these two numbers are the 200 positions that are currently available at Cargill Meat Solutions in Schuyler, Nebraska. The Fremont-Columbus-Schuyler area is an economically vibrant area that is positioned for sustained and long-term growth if we provide the support structures in the future to allow it to grow. Chuck Misk, an owner of GM Express, a trucking company located in Schuyler, heard of my coming down to testify this afternoon and he wanted to emphasize to me, and to convey this message to you as well, that there are additional hazards for all drivers who travel Highway 30 between Schuyler and Fremont, and the reason is somewhat simplistic. First of all, the highway is soft-shouldered. Second of all, driving habits and attitudes are developed at both ends of this expressway based upon a 65-mile-an-hour speed limit and four lanes. You funnel that down to two lanes and a soft shoulder and we have created an enhanced hazardous driving area in the state, and the accidents and the fatalities unfortunately support that information. Highway 30 also not only connects 275, which you've heard in previous testimony; it also goes on to connect to interstate, I-29. Highway 30 has been designated as a scenic Nebraska byway, and Highway 30 is part of the Lincoln Highway. That was the first transcontinental highway system in the United States, first opened up and established in

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1913, and in 2013 the centennial coast-to-coast celebration will be celebrated in Kearney, Nebraska. So we're going to have a lot of people from across the United States traveling this highway system in 2013. Daily traffic usage is estimated to increase over the next several years as the employment opportunities and population continue to grow along the Highway 30 expressway corridor. I appreciate your support in helping us to sustain that growth in employment and in population. [LB1139]

SENATOR HEIDEMANN: Thank you for coming before the Appropriations Committee. Are there any comments or questions? Seeing none, thank you. [LB1139]

KEM CAVANAH: Thank you. [LB1139]

CLARK BOSCHULT: (Exhibit 20) For the record, my name is Clark Boschult, B-o-s-c-h-u-l-t, public works director for the city of Fremont. I'm here on behalf of Mayor Donald "Skip" Edwards. I'm handing out a letter of support of LB771, LB1035, and LB1139. The city of Fremont supports all bills. First, we'd like to thank the Appropriations Committee for letting us speak with you today. The city has tried to maintain excellent relations with our legislators here in Lincoln. We really appreciate the support you've shown us in the past. Many of you drive on the U.S. 275 freeway from Fremont to Omaha. That road wouldn't exist if it hadn't been for your help. We'd also like to thank Senators Gay, Loudon, and Johnson for sponsoring several expressway bills you are discussing today. Thanks also go to the cosponsors of these bills. In addition, Speaker Flood has shown his interest in the highway issues and two of his bills are in another committee. Those hearings take place on the 19th. The city of Fremont received help from around the state when the U.S. 275 Fremont east bypass was on the table. That project was completed this summer...will be completed this summer. We are here today to ask your help for our sister cities in Nebraska. We are happy to support any of the bills before you today. This funding is important to all cities, regardless of the size. First and foremost, we ask the Legislature to complete the 1988 expressway system. The Legislature at that time recognized the need for a safe and efficient transportation system to link the communities of our state and had the vision to plan a transportation system for the twenty-first century. Four-lane highways have demonstrated results in reducing accidents, providing access to medical facilities, reducing consumption of precious fuel supplies, and linking the communities of our state together. We're here to speak specifically about LB1139, Senator Johnson's bill. We are delighted to see the people of central Nebraska supporting the people in eastern Nebraska. Completing U.S. 30 from Fremont/Columbus would be a great accomplishment for the state. It links Norfolk, Columbus, Fremont, and Omaha together. U.S. 30 follows the original John C. Fremont Expedition in the Platte Valley. It also follows the Omaha to Fort Kearny military road that was planned and built in the late 1840s. Visionaries at that time recognized the need for a transportation route for the safety of the public, and the need to link our new territory together. Later, during the Civil War, President Lincoln and General Dodge had the vision and leadership to

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propose, along this same route, the present U.S. Highway 30, the transcontinental railroad. That railroad links both East and West Coasts. In Nebraska, this is now the world's busiest railroad corridor. Is it ironic today that just two days following the anniversary of Lincoln's birth we're here in the capital city, named for the President, debating the question to improve this same route he selected. After the turn of the century, this U.S. 30 route was named the Lincoln Highway, and it linked Boston with San Francisco. Shortly after the First World War, a young army lieutenant colonel from Kansas traversed this same Lincoln Highway through Nebraska. At that time, in places it was just a dirt and gravel trail, but he recognized the need for a safe and efficient transportation link across the country. Following the Second World War, and after witnessing the efficiency of the German four-lane autobahn, Eisenhower, and later President Eisenhower, recognized both the military and civilian needs for these roads. He had the leadership and the vision to see that our country should be linked together with a four-lane highway system. That system today bears his name. Members of the committee, today the time has come to follow the route of our past leaders and complete the Nebraska 1988 expressway system. The time has come for the leaders of our state to have the vision and provide the leadership to see that an efficient statewide four-lane transportation system is completed. Completion of the Fremont to Columbus four-lane Highway 30 expressway will link Norfolk and 200,000 people in northeast Nebraska together, and provide a safe and efficient access to Omaha. It gives people visiting our state quick access to a beautiful thriving part of the state. Businesses are more likely to locate along an efficient expressway system. We know that we are asking for a big commitment from the Legislature, but we also know firsthand how badly this road and the balance of the expressway system is needed. Fremont citizens enjoy the safety and efficiency of travel by the completed expressway to Omaha. We hope that you and others will help the state and other communities throughout northeast Nebraska to enjoy a safe and more efficient trips between our cities and towns. I won't want to take up a lot of your time, but I know it was important for you to hear that Fremont supports the efforts of our neighbors. If we all work together on these things, great things can happen. Thank you for your time. [LB1139]

SENATOR HEIDEMANN: Thanks, Clark, for your testimony. Are there any questions or comments? Seeing none, thank you. Is there anyone else wishing to testify in support of LB1139? (See Exhibit 9) Is anyone wishing to testify in opposition of LB1139? Does anyone wish to testify in the neutral position on LB1139? Senator Johnson had waived closing, so we will close the public hearing on LB1139 and open up the public hearing on LB771. Senator Gay. [LB1139]

SENATOR GAY: Thank you, Senator Heidemann and members of the committee. For the record, my name is Tim Gay, State Senator, District 14, here to introduce LB771. By the looks of you, I know you've been discussing expressways all day long so I'm going to be very, very brief. [LB771]

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SENATOR KRUSE: Oh, you'll get votes for that. [LB771]

SENATOR NANTKES: You'll be rewarded. [LB771]

SENATOR GAY: Well, I did have the opportunity to review the bills that were brought to you prior and I support them. The fact is, we have limited funding. I had looked earlier in the year to bring a bill that had \$100 million of Cash Reserve money into the expressway system. After seeing the budget, what was happening and some of our limitations, it was down to \$50, \$50 million to put into the expressway system to be used as needed by the department. Very quickly, this is just money that I think we need to keep moving forward on the expressway system. I'm a believer. And as many people, I wasn't here to hear the testimonies, but I'm sure you've heard all the good reasons why. So what I think what this does is create a vehicle for you to, if you decide to move forward on this project, to use this as a vehicle to keep the momentum going. We prioritized, the department will prioritize what to get done. And I'm originally from Columbus and I've driven on that many times. It is a great addition and I'd like to see that finished, too, but I think there's a certain point here we need to just keep moving forward. My vision would be that we continue each year to appropriate money and complete the projects that were started in 1988. Thank you. [LB771]

SENATOR HEIDEMANN: Thank you, Senator. Are there any questions or comments? Seeing none, will you be closing later? [LB771]

SENATOR GAY: No. [LB771]

SENATOR HEIDEMANN: Sounds good. We appreciate it. [LB771]

SENATOR GAY: All right. (Laughter) Thank you, Senator. [LB771]

SENATOR NANTKES: Well done. [LB771]

SENATOR HEIDEMANN: Is anyone else wishing to testify in support of LB771? (See Exhibits 8, 21, 22, and 30.) Is anyone wishing to testify in opposition of LB771? [LB771]

RICHARD HALVORSEN: Good afternoon, Senator Heidemann, members of the committee. Yes, Highway 2 is great. When I drive down there to Syracuse now... [LB771]

SENATOR HEIDEMANN: Can... [LB771]

RICHARD HALVORSEN: Oh, last name, Richard Halvorsen, H-a-l-v-o-r-s-e-n. Like I say, when I'm driving down that highway to Syracuse, the cars with Missouri license plates don't have to slow down when they blow past you at 75 mile an hour. Don't know

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why it's always a Missouri, but...the problem with all these proposals is these people have a champagne taste on a beer budget, a phrase you've heard before. Like you say, I don't think the Cash Reserve is strong, but there are going to be...there are several other bills in other committees to...people have things they want to raid the Cash Reserve for and, like you say, we don't know how long this would last. If we do go into a downturn, it's hard to predict. They push this as economic development, kind of if you build it they will come idea, but I'm sure, like Nucor Steel, when they looked at where they built, the road is only part of the equation. They also...I'm sure they looked at low power costs, you know, the tax structure and the educated, productive work force. So again, roads are only part of the deal and, again, it's hard to predict how much economic development would grow out of this \$50 million. I would say, if we have another year of economic good tax receipts and you say you can cut the sales tax maybe 2 percent and have some property tax relief, you know, next year and there's still a healthy budget, well, maybe next year you could do it. But again, I think at this point in time it's...you're basically rolling the dice to see, you know, what's going to happen in the future. Thank you. [LB771]

SENATOR HEIDEMANN: Are there any questions, comments? Are you...did you comment that actually down the road if we do see revenues increase more than what we had anticipated that you wouldn't mind at that time to go ahead with this? [LB771]

RICHARD HALVORSEN: No. Next year if, like...and again, if you can keep up the property tax relief and maybe cut the sales tax, you know, half a percent, then I can say maybe, you know, go ahead with this. [LB771]

SENATOR HEIDEMANN: Okay. Thank you. [LB771]

RICHARD HALVORSEN: Yeah. [LB771]

JOHN KNAPP: Thank you, Senators. Again, John Knapp. I'll be really short. I would offer the same testimony I gave earlier for all three of the bills. I would just like to...Senator Loudon, in his closing, mentioned that...and Senator Gay mentioned that the old expressways, and my real concern is we've got an expressway. Senator Loudon mentioned federal earmarks. Well, the Pflug Road interchange has a federal earmark. His proposed cost is \$12 million and the federal earmark was for \$4 million, and so it does not fit the 12 percent or whatever matching funds that were...been spoken about earlier. And I think the Pflug Road interchange and the associated expressway should have to go through proper scrutiny. And I think if you decide to pass any of these bills, I'd urge you to exclude that, because it is on the map that was passed out and anything I can see that's been talked about, it fits the description of the other expressway except it's an entirely new project within the last few years. Thank you. [LB771]

SENATOR HEIDEMANN: Thank you, John. Are there any questions or comments?

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Seeing none, thank you. Is there anyone else wishing to testify in opposition of LB771? Anyone willing to testify in the neutral position on LB771? Does Senator Gay still waive closing? With that, we will close the public hearing on LB771, and we're going to open up the public hearing on our last bill for the day, LB811. [LB771]

SENATOR KRUSE: (Exhibits 23, 24, 25, 26, and 27) Thank you, Mr. Chairman and colleagues. My name is Lowen Kruse, L-o-w-e-n, District 13. It's good to be here and, a personal thought, I really appreciate the good attendance on a long afternoon. I was going to ask for that half a million back that we lost last year, but a figure so small I feel like I'd be wimpy to come in with that, so I'll let that go. I think the quickest way of dealing with this is for me first to state my purpose with the bill. You're getting the white copy, and the white copy becomes the bill. My purpose in this is for all of us, and we're almost all here, it's all of us to develop a process by which we deal with this transit funding for handicapped and elderly persons. We've spent a lot of time on it. I don't apologize for that, but it's been frustrating and it's just not necessary. And I've spent a lot of time meeting with the persons from the Department of Roads, who are involved with this, and with other entities. I think that we can take care of this and I don't really think it's too painful. I'm not...the bottom line isn't to come up with a whole bunch of money but, rather, for us to establish the process. I have only a limited number of days left in this place and I would hope that you would have a process for doing this for next year. Let me, since you have the white copy, let me look at that. It's totally replacing the green copy because Mike says the dollar figures we had in there really were at the wrong place, so we just start over with that. My sense on the dollar there, which is paragraph (3) on the bottom of the white page, is that if I were a member, and I am a member of the committee, as a member of the committee I would really oppose doing that because I don't think we want to put in statute specific dollar figures. At the same time, we banged it around enough last year and I've been looking at it enough and Mike and I have met with these folks, I thought I should put out there what it would take and you will see that what it takes is about what we're doing. So that's not the question before us. But at any rate, if we were to come up with \$3.5 million and do a COLA or something on it and commit ourselves to raising it as it goes along, I think that all of the entities, rural and urban, would be met in a fair fashion. What I would hope is that we could adopt number (2), and let me read it for you. That's the key part of this, and this is really just describing a process. Well, another way, it could be called legislative oversight. The problem that we have is we do not have legislative oversight for one of our programs. It's a minor program and we've ignored it decade after decade. But a little legislative oversight would go a long ways here. I put a bill before Transportation last year that...the point of the bill was that Transportation would give legislative oversight to it. They rejected the bill. They didn't even take a vote on it. We had some conversations during the nineties about what to do when you're short of funds and that conversation was basically between Mike Lovelace, our fiscal officer, and the administrator over there, and they came up with ways of trying to deal with this. So the oversight was, you know, through our Fiscal Office in the nineties. I asked both of them and other people

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over at Roads if Transportation had ever been involved, and they have not. For the last five years, this committee has given legislative oversight to the matter, and it is basically dollars so that seems appropriate. So this is my way of stating it without using those words: "The department shall submit an annual report to the chairperson of the Appropriations Committee of the Legislature on or before December 1," the same time we get our other announcement of need, "of each year regarding funds requested by each applicant." Now right now they just...it's already in statute that they give us a report but they just give us a sum total, and many years they don't do that. So that they give the amount requested by each applicant for eligible operating costs and then, line 14, the total amount of state grants projected to be awarded for each applicant. And then that that report be divided into vans and busses, and that would really sort this thing out again. My staff and Mike and I have gone over this several different ways. It really isn't that complicated. The problem is that over the years the busses have been thrown in there and they swamp the boat. And the statute is really written to apply to persons who have specific needs as handicapped or elderly persons. That's what it's written about. Well, that's what a "handivan" is for. A paratransit vehicle is the proper term for it, but at any rate, that's what "handivans" are for. As we've moved along in it, we have acted like a handicapped person in Omaha is different than a handicapped person in, I'm going to say, Boelus, because that's my mother. (Laugh) My mother was in Boelus, a town of 100. She was isolated, yes, but--this were a little lover's quarrel with discussions we've had--no more isolated than my neighbor. A few weeks ago my wife, and I can speak to that from personal experience, my wife got a call from a caseworker that said could you get this person to the hospital by 6:30 tomorrow morning for emergency surgery, cancer surgery, total stranger, a person who has no relatives closer than Texas, who does not want to be in Omaha, was brought here against her will by the government. She has no church. She has no connection, you know? A caseworker says, please, and she doesn't have any money for a van, even the minimum costs. So, you know, what do you say? Ruth says, sure, I'll be there; I'll get her there; get her back. The hospital wanted to make it, just a little aside, wanted to make it outpatient surgery. Ruth was down there and advocated for her and protested and the nurses quickly joined her and said, no, this is major surgery; there's no way she can go home at the end of the day. But at any rate, here's a person who needed that kind...she was totally isolated. She called this week and said, Ms. Kruse, I need a little bit of clothing and some food. So yesterday Ruth spent four hours taking her to thrift shops and getting a little bit of clothing and then to the pantry to get some food. This person is isolated and I just really, as strongly as possible, say she is just like my mother, sitting out in Boelus, trying to figure out how she's going to get a little bit of food. In that case, the grocery store would bring it up and anyhow. Any rate, I am so appreciative of what the systems around the state are doing and we really need to affirm that. They are doing magnificent work of getting that. It's different in the rurals than it is in the city, and just a quick passing of that, that we understand, in the city that "handivan" doesn't take private individuals unless they have a transportation need. They can't get on the bus. In the rurals, that can be a private citizen. And we have a little bit of a fuss with that and I think if we start in on legislative

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oversight, you know, kind of getting reports back and forth, I have a survey later to show you, some of these rural places the handicapped person pays, the local citizen doesn't pay. It's just a donation and they don't have to pay anything. And that's not really fair to the other systems because we're subsidizing on the net operating costs. Well, if you're not taking anything from the public citizens, you've got a little bit of a problem there. So again, just small stuff that we really don't need to take the committee's time on, but just to let you know that is out there. Okay, now, if we could have those other things out there, Chris, would like to do the documentation. That's my pitch, that we separate this system by "handivan" where it's clearly for persons with handicap needs. Next thing to do is to thank Mike. Thank you, Mike, direct, sitting here. This is his newest production. This is brand new, is everything you wanted to know and were afraid to ask about the transit system. I'm not going to read it to you. I'd ask you to turn to the first page and there you'll see the transit history down there: 1975, the first full sentence under it, "Establishes a state aid program to fund 50 percent of the operating deficit of transit systems operated by municipalities, counties and transit authorities." That's where this all started. Back in 1975 was the first kind of solid bill. There's other things there, limited 10 cents and so on. This whole thing was replaced later on, but that's the basic thing. We promised, we require, to this day that they charge half price. The busses in Omaha have to charge half price and we've promised through the years that we would pay for that, we'd subsidize that. We did for the first ten years, we took care of it, and it's obvious that legislative intent was for that. Then we fell into hard times and so on. And I'm saying right now, it's just unrealistic to fund those bus systems at half price, even though I'd like to see us leave it on the books that we're supposed to do that. But it's like some other things around here. We got some obligations we just don't budget for. And then the third item down under 1975 I've already referred to, "Priority on funding shall be given to systems that serve the needs of the elderly and handicapped," and that's still...it follows through in that kind of language. I say, okay, that's the van system; let's just declare that. Give Mike, our staff, and Jerry Wray, a grand fellow, and his whole supervisory staff over there, give them a way of speaking directly to anybody that comes in; say, yeah, this is what happens. Curt Simon is here and will speak to it for that, you know, from Omaha point of view, but also recognize that he's kind of the officers...tried to help the whole state organization stay together and he and Lincoln have been strong supporters that the rurals should be cared for in the matter. Over on page 3 you see the whole history of this laid out for you, the left-hand side, a little bit of thing for you. If you haven't looked at this before, the inner city transit system is a separate budget item, is separate from what we're talking about but is a part of that statute. Now if you could turn to the filler items that we inserted in the back of your book, first one is the history of the last three years of the payments to some specifics. It doesn't get all of them. There's 61 rural systems. But you'll notice in the third column the percent funded in 2006 tended to be around 70 to 75 percent. That's where I really got upset and concerned because these are the rural systems and they got whacked, and that's not...that was not necessary if we were paying attention and we have a good system in place. The Lincoln and Omaha have always gotten whacked. You see they

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got 6 percent and 4 percent, though that's of the total bus system. That's off of the total amount of their whole operation. So it's not really a comparable percentage. You'd have to multiply that by about 4 to compare it to the others. So, like, Omaha got 25 percent of what they should have gotten for bus...I mean for van, for van systems. So...but then you come over to the others and then 2007 would be about like 2005 was before that and you see all the hundreds down there because we started grumbling and we made the changes and we got some more money in there. And the same thing for 2008. Some of those systems are less than they should be, because they have been considered urban. Papillion, Bellevue, Ralston, and South Sioux City was considered urban. They got peeled off this year, so they're at 100 percent, considered along with the rural. Again, it's the fixed bus routes. You don't really want to know a lot about this. I won't tell you much. But if you've got a fixed bus route, the feds make you do a whole bunch of things and that's what happens. The feds require you to run a van system. The feds require you to do a discounted rate. So our discount, I don't apologize too much, our discount to Lincoln and Omaha for their bus passengers is also required by the feds. So, you know, I'm not apologizing to them for what we're doing. Again, if we go with the system, with this process, Omaha will get a little less money than they're now getting, Lincoln will get a little more money. That's because of a formula. And I would like for us to just state to Roads, please get rid of the formula. The formula gives you a little more money for more miles. Omaha has more miles. My contention is that if you've got more miles, you've got a higher operating budget and you don't need a subsidy for that, so...and it doesn't amount to peanuts, really, the difference in them. I have always been curious, on the next sheet, as to how much levy are each of these persons putting there. And we have talked, Lavon or Senator Heidemann, friend, we've talked about this a little bit on our own--well, what...I wonder how this affects them. So I asked Chris, who seemed like a friendly sort in my office, (laugh) to figure that out for four typical counties and then for Lincoln and Omaha, and that's the second column there. You will see the tax levy for the van system, and now we've got the busses out of that so it's the van system, and you see .0009, .0012. Ogallala is up to a penny, and Sidney is about a half of a cent. Lincoln is one-tenth of a cent, and Omaha is a half of a cent. Now, for the bus system for Omaha and Lincoln, so that it's all out there, do understand that the Lincoln bus and van system brings it up to about 1 cent tax levy, and this is all property tax, and money that we put out there, folks, does not increase the budget anyplace. I can't find any place where it changes the budget. It just reduces property tax. Omaha's concern with us here is it yo-yos, we yo-yo back and forth on them a million dollars and they're trying to set up a levy for the next year. They could cover that if they knew it was coming, but they don't know it's coming. And if we go with this system, they will know what they're going to get, they're going to get for vans. They really aren't going to get much of anything for busses. Omaha is spending a lot on busses, which I think we'd understand, 4 cents, plus the other half cent. Okay. the next and last item that I have for us is this van transit questionnaire. I really was curious as to how many of these persons charge (laugh) just the general public to run through their systems. How much money are they asking for? I'm not going to go through this, but I hope you look at it

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before we bring it up for discussion in the total thing. Notice it's on the second page, each system has two pages, on page 2, the third column, charge to the general public, and Butler County is between \$4 and \$12. Oh, another little irregularity that you would understand, some of these counties have a hospital and so their figures are much less, but some of them, like Butler County, does not, so they're doing quite a bit of transporting to a hospital and, therefore, their figures are different. You'll notice the city of Neligh, the third one down, it's a buck whether you're handicapped or anybody else. It's just (laugh) when you get on our van, give us a dollar; doesn't matter who you are. Do understand, if you want to follow up with questions on some of these others, these have to be verified that they're handicapped, verified for, you know, all that kind of stuff. So present that to you as a gift from the system. I think that a few of us could figure out ways to even out the use of these funds, but again, for this committee, our only purpose is to make sure that vans that transport handicapped people are adequately supported. We pay half of the operating costs. And that completes everything I know and more. [LB811]

SENATOR HEIDEMANN: Just a small portion, we're sure. [LB811]

SENATOR KRUSE: Thank you. [LB811]

SENATOR HEIDEMANN: Are there any questions? Senator Nelson. [LB811]

SENATOR NELSON: Thank you for all this information, and I'll try to get a chance to read it all. I have just a question on number (2) here in the white copy here. [LB811]

SENATOR KRUSE: On the bill? [LB811]

SENATOR NELSON: Yeah, on the bill itself. You say, "The report shall separate into two categories the requests and grants." Well, then what? When you get a report separated into the two categories where...I mean, where does the oversight come in then? [LB811]

SENATOR KRUSE: Right here. [LB811]

SENATOR NELSON: This Appropriations... [LB811]

SENATOR KRUSE: We have just had a lump sum--they need \$8 million, the van...the transit systems, everybody combined, needs \$8 million for next year. That's meaningless. We don't know what it means. So here they are to say what each system needs and, for Omaha and Lincoln, how much of it is bus and how much of it is van. [LB811]

SENATOR NELSON: Well, but then they still go ahead and do the allocation and follow

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a formula and things, the department? [LB811]

SENATOR KRUSE: According to our conversation with them. [LB811]

SENATOR NELSON: I see. In other words... [LB811]

SENATOR KRUSE: And we would have a chance to put input. Now I was intending to comment on this in closing, but I really don't care, Mr. Chairman, how we proceed on this. We could pass it on as a bill. I think, frankly, if we pass it out of here unanimously, it could go...take off the money down there and it could go as a consent calendar. But that's up to the committee. We could make it intent language for this next year and just say to Roads, this is the way we want to do this, and get a conversation back and forth through Mike--and, as I say, we've already been doing a lot of this--and just say, okay, this is the way we want to do it. So there are various ways of going at it when we decide to do this. [LB811]

SENATOR HEIDEMANN: You're after legislative oversight... [LB811]

SENATOR KRUSE: Yes, I'm after legislative oversight for this program... [LB811]

SENATOR HEIDEMANN: ...from the Department of Roads. [LB811]

SENATOR KRUSE: ...for this section of the department, for this particular program. It is really not a Roads program. I did ask one, Curt Simon--you can follow up with him--you know, how about doing it some place else? We could do it through Public Service Commission because they deal with taxis. And he said, well, the feds put this through not Department of Roads but DOT, Department of Transportation, and they give quite a bit of money for our equipment. And then he smiles and says, and, Lowen, they give us a lot more money than you give us. So we need...we need Jerry Wray to...and Jerry will call him up and say we've got some equipment money here, anybody need it? And so they kind of pass that. So I don't want to separate it from them, but it's not, in terms of roads construction. I had an idealistic thought one time--the better our bus systems the less roads we're going to need. Yeah, that makes sense, but it doesn't really have enough traction to make a difference in this program. [LB811]

SENATOR HEIDEMANN: I just...sometimes I like your idea about legislative oversight over Roads, because I don't think we have a whole lot. (Laughter) [LB811]

SENATOR KRUSE: I'm not going to touch that, though I agree. [LB811]

SENATOR HEIDEMANN: If you was to...I know sometimes I can't quite follow you, what you're planning to do, if you're still going to leave section (3) or not, but if you leave section (3) you was talking about Cash Fund money? [LB811]

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SENATOR KRUSE: No, section (3) is all...the whole thing is gas tax. [LB811]

SENATOR HEIDEMANN: So it would be, yeah,... [LB811]

SENATOR KRUSE: Yeah. [LB811]

SENATOR HEIDEMANN: ...you're talking about cash... [LB811]

SENATOR KRUSE: And I think we would all agree to take section (3) out of there because we don't want to put a dollar figure into statute. It's just a guideline for us, but it's also, after all this work and looking at it, I thought, well, we're not that far off. We're putting in \$3 million. It really needs \$3.5 million right now to balance out, and so that's why I put it in there. If we kind of keep up with that we've taken care of the vans. And I'm not trying to be nice on this. I really believe if we take care of the vans that the urban areas can take care of their busses. [LB811]

SENATOR HEIDEMANN: Thank you. Are there any other questions? Seeing none, thank you. [LB811]

SENATOR KRUSE: Thank you. [LB811]

SENATOR HEIDEMANN: Anyone else wishing to testify in support of LB811? [LB811]

CURT SIMON: (Exhibit 28) Thank you, Senator Heidemann, committee members. I have a prepared statement so I'll read it quickly. And if you have any questions, I'd be glad to try and answer them. My name is Curt Simon. I'm the executive director of Metro Area Transit in Omaha. I also serve as the secretary for the Nebraska Association of Transit Providers. It's an association with over 60 members statewide that includes nearly every transit provider in the state. MAT provides public transportation for the city of Omaha, including contracts with the cities of Bellevue, La Vista, Papillion, and Ralston. We provide two types of service. One is fixed regular route service seven days a week. The service is 100 percent accessible to persons who use wheelchairs. The second type of service we provide it portal to portal, or paratransit, van service for persons that, by reason of their disability, cannot utilize the regular fixed route bus system. This service is available the same days and the same times that the regular route system operates. First and foremost, I want to thank the committee for its recognition of the needs of transit in our state, which was demonstrated by the increase in assistance during this current budget cycle. Secondly, I am here today to speak in favor of the proposed amendment to LB811 and the need for some type of reform as it pertains to the oversight and distribution of state transit assistance monies as provided in statutes 13-1209. Section 13-1209 provides for transit assistance to eligible operating systems, public transportation systems in an amount not to exceed 50 percent of

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eligible operating costs. While this is the intent, the funding provided to transit throughout the state has never, to my knowledge, come close to meeting the needs as submitted annually by eligible transit operators. For example, in FY '07-08, funding for Metro Area Transit is projected to be 16 percent of the amount eligible for reimbursement under the statute. I would point out that the statute makes no distinction as to how the monies are distributed. The distribution is made by the Nebraska Department of Roads, with rural systems receiving their monies first, and Omaha and Lincoln left to divide the remainder. If MAT was funded for the full amount requested, as intended by the statute, and could count on sustained funding, local property taxes could be reduced significantly. The additional money allocated in the current budget cycle was greatly appreciated, and while it was still far less than requested by Omaha and Lincoln, it did serve to fully fund our rural operators, as intended by the statute. I'd like to point out that prior to the recent increase, funding for transit had remained static for well over a decade. Transit in Omaha has recently seen unprecedented passenger growth in both our bus and elderly and handicapped service. Over the past two years, we've recorded an increase of 427,425 additional bus riders--a 13 percent increase; and our ADA van service provided 14,545 more trips--a 23.5 percent increase during the same period. In large part, the bus passenger increases are a direct result of higher gasoline prices. We attribute the growth in our ADA van service division to an aging population in need of affordable transportation opportunities. We live in a society of an aging population that faces many challenges. Transportation is clearly one of those challenges for both urban and rural citizens. It seems obvious, as our population continues to age, transportation-related needs will continue to expand. I believe that the amendments to LB811 can help to better meet these growing needs by outlining a fair and sustainable method of transit assistance distribution. I appreciate having had the opportunity to address you. If you have any questions, I'd be glad to try and answer them. [LB811]

SENATOR HEIDEMANN: Thank you for your testimony, Curt. Are there questions? Senator Nantkes, then Senator Synowiecki. [LB811]

SENATOR NANTKES: Hi, Curt. [LB811]

CURT SIMON: Hi. [LB811]

SENATOR NANTKES: Thanks for being here. I was wondering if you could just briefly remind the committee what our state obligations are in terms of what we ask you to do or for helping to transport low-income and disabled folks. [LB811]

CURT SIMON: We have a contract with the state, as to all the transit operators, as to what the service will be and what it will provide. Part of that contract includes a clause that states that we will only charge elderly and handicapped persons that use the bus system half of the regular rate of fare. That's also a federal requirement as well. [LB811]

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SENATOR NANTKES: Okay. Thanks. [LB811]

SENATOR HEIDEMANN: Senator Synowiecki. [LB811]

SENATOR SYNOWIECKI: Curt, thanks for coming down. [LB811]

CURT SIMON: Sure. [LB811]

SENATOR SYNOWIECKI: Appreciate your testimony. And the analysis provided by Mike, the transportation assistance program, as we know it today, began in fiscal year '75-76 and was appropriated \$1,080,000, and that was in '76. And now, we had a little blip in the screen here where we actually went up to \$2.9 million. Are we aware, has that proportionately kept pace with the roads funding? [LB811]

CURT SIMON: No, it has not, not in any way, shape or form. Matter of fact, for as long as I can remember, I've been with MAT since 1987 and it's been around the \$1.5 million figure, until this most recent increase in appropriation, for that whole period of time. So for over 20 years it had been pretty flat at \$1.5 million or thereabouts. [LB811]

SENATOR SYNOWIECKI: Yeah. My intuition would say that it hasn't at all, with these numbers, to go from \$1,080,000 to \$2.9 million since 1976. And I guess how did we let that happen? I mean...maybe this question is not best placed with you, maybe with Mike. There's no statutory mechanism that it keeps pace with... [LB811]

MIKE LOVELACE: It's just like most other programs. You know, it's funded at the level that the Legislature decides to fund it at. When we went through some hard budget times, you'll notice there from about '86 on to about '92, you totally eliminated General Funds, you know, because of a downturn in the economy. [LB811]

SENATOR SYNOWIECKI: Uh-huh. [LB811]

MIKE LOVELACE: So then they were back to just a million dollars out of the Highway Cash...Highway Trust Fund. Yeah, it's just whatever level the Legislature decides to fund it. When I present the budget for transit to the committee every two years, I always have a figure that shows what it would cost to fully fund it. But the department doesn't make a request to increase the dollar amount so, because we generally go on, you know, on a...we start at a base, you know, the current year's appropriation, if the agency doesn't request any increase it doesn't really draw attention to the issue. [LB811]

CURT SIMON: If I might, Senator,... [LB811]

SENATOR SYNOWIECKI: Yeah, please do. [LB811]

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CURT SIMON: ...that's exactly what happens, is the Department of Roads submits the budget and the transit division is part of the Department of Roads. And if that's not requested by the Department of Roads, why would anyone on any committee think otherwise or think it was something that had a need unless you looked into it deeper? So there's always been a little bit of conflict, if you will, there between the amount of funding provided for transit and the Roads Department. And they do a great job administering the program. I'm not banging on Roads. But typically, you're appropriating what they're requesting in their budget, which isn't near the amount that the statute intends to fund. [LB811]

SENATOR SYNOWIECKI: There's no mechanism by which you get to provide information and provide advocacy to the department? There's no process by which MAT and Lincoln and all these other...all these carriers have an opportunity to voice their opinions during the process, or not? [LB811]

CURT SIMON: We can certainly voice our opinions and we've done so at various budget meetings by Roads. In addition, we all file annual applications for this assistance, so they know full well, you know, what the assistance amount is being requested by the different transit properties. [LB811]

SENATOR SYNOWIECKI: But this bill, you know, subsection (3) might put a little bit more dollars in there temporarily, and I doubt if it really does because this intent language...I mean, I don't see where this bill...talk to me about how this bill will substantively assist you in getting the appropriation that you should be getting, particularly as you...particularly as you weigh it against the increases in Roads' fundings over the years. [LB811]

CURT SIMON: Well, obviously, if there's no more money, then financially it doesn't help. But what it does potentially do is provide legislative oversight. The program is administered by rules and regulations that are drafted by the Department of Roads. Clearly, a legislative oversight committee could write new rules that could possibly help or assist greatly and even the score, if you will, for transit so that the voice is heard, not just by the urban operators but by the rural operators as well. So that's how I see it helping, Senator, if that answers your question. [LB811]

SENATOR SYNOWIECKI: Okay. Well, okay, thank you. [LB811]

SENATOR HEIDEMANN: Are there any other questions? Seeing none, thank you for your testimony, Curt. [LB811]

CURT SIMON: Thank you. [LB811]

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SENATOR HEIDEMANN: Afternoon. [LB811]

SCOTT THARNISH: (Exhibit 29) Good afternoon. I am Scott Tharnish, T-h-a-r-n-i-s-h, and I'm the accountant for StarTran. I have a prepared statement from some preliminary bill writing that the senator had provided us, so I will briefly read through the prepared statement and ask any questions...answer any questions you have. As background, StarTran accommodates the public transportation needs of all the citizens of Lincoln, utilizing the two basic forms of transit, which has been discussed today, you know, the regular fixed route service using the large busses, and all those busses are accessible meaning it can serve persons with disabilities; then our door-to-door paratransit, which is the "handivan" system for persons unable to ride the accessible, regular, fixed route busses, in compliance with the ADA requirements. The StarTran operating budget for these two types for our current fiscal year of '07-08 is just above \$9 million. The legislation...intent of the Nebraska Transportation Act is to afford financial assistance to all the public transportation providers in Nebraska, up to 50 percent of the portion of the system operating expenses not reimbursed by revenue and federal programs. Full funding of the program in past years has been about \$10 million. The program has been, and as been discussed today, is currently funded at about one-third of that amount. Without the act being fully funded, the state funding has traditionally been allocated such that the rural and nonmetro systems have received close to the 100 percent, as shown today, with StarTran and Omaha splitting the remaining funds. And as been said, StarTran has been receiving between 3 to 16 percent of those operating costs and, as Senator Kruse pointed out, that's a little distorted because we do have the big busses in our annual budget. And StarTran, as a member of the Nebraska Association of Transportation Providers, an organization which includes both StarTran and Metro Area Transit and most of the rural transit providers, we do acknowledge the critical need of the rural systems for the continued state financial assistance at the current level in order to meet their necessary transportation needs in the rural communities. StarTran has realized a 20 percent increase in ridership the past three years, including a 25 percent increase in ridership with persons utilizing the "handivan" or paratransit services. The city of Lincoln general fund part of our budget funds about 65 percent, or \$6 million, of our budget. Continued local general fund constraints may result in transit service reductions, not the needed service expansions to accommodate ridership increases. LB811 is trying to address the basic needs for oversight and for funding of the programs, and we need LB811 to help assure the continuation of the ADA-required paratransit and fixed route services, while not impacting the level of funding currently available to us and the rural systems. As such, StarTran and the city of Lincoln supports LB811 and all Senator Kruse's efforts here. I'd be willing to answer any questions. [LB811]

SENATOR HEIDEMANN: Thank you for coming in today and testifying. Are there any questions? Seeing none, thank you. [LB811]

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CAROL MAXSON: I'm Carol Maxson. I'm transportation director for the city of Ogallala, and also president of the Nebraska Association of Transportation Providers. Ogallala is a community of about 5,000 people and when I started with the program 15 years ago we were providing about 9,500 rides per year and serving mostly older citizens and those people with disabilities. I was the only employee and we had one small bus. This past year we provided nearly 25,000 rides and we expect to surpass that this coming year. We serve all age groups, not just seniors but the entire public, even four-year-olds, taking them to preschools, and we serve many school children. We hear almost daily from the passengers how grateful they are and fortunate they feel that they have this service in Ogallala, and I'd like to pass that on to you, the decision makers, that gratitude that they feel. We now employ two full-time people and three part-time people, and we have three small busses in use every weekday. We also added service on Sundays and Saturdays, however, during the shortfall a few years ago we had to cut Sundays, so now we're just providing six days a week. And so naturally, the cost of our operations have increased more than threefold, as well as the ridership, and as the costs for rural systems increase because of the method of distribution of state and federal funds, the contributions to the urban systems has grown less and less. The rural systems are fully funded first, and what is left is what the urban systems receive. Granted, the local contributions for these larger communities is greater, but until Senator Kruse recognized the problem a few years ago, we were all dividing up a mere one point two and a half million among the 60 rural systems, 60-plus rural systems, and the two urban systems. This was simply not enough money to go around and, thankfully, this committee appropriated a larger amount, I believe it's \$3 million, last year and proposes to do so again this year. But what I like about LB811 is it goes even farther in not only giving us the increase but also giving it stability and a way to grow in the future. We're poised for changes in the way we operate transportation in rural Nebraska. We've completed two studies, one determining what the citizens need, a needs study, and another...a study on how we can design a more coordinated and efficient rural transit system, and we'd like...we need funds to begin the implementation of these changes so we can provide a way for the people of Nebraska, who have no other means of transportation, to go about their business and improve the quality of their lives. Thank you for hearing me. [LB811]

SENATOR HEIDEMANN: Thank you for coming in today, Carol. Are there any questions? Senator Synowiecki. [LB811]

SENATOR SYNOWIECKI: Carol, I just feel compelled to ask this. The Department of Roads comes in every year. We have an appropriations process in the state. And maybe I should know this, I've been on the committee for quite a time, but do you come to the committee during the appropriations process, you and your other counterparts that deliver the same services in your communities? I guess what I'm asking, you need to engage in advocacy during the appropriations process that comes before the Legislature. Have you done that? [LB811]

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CAROL MAXSON: No. We visit the Capitol once a year. We visit each office. We pass out fact sheets and that is the extent of our activity as far as the legislation goes. [LB811]

SENATOR SYNOWIECKI: Well, the lack of funding for this is striking and it's... [LB811]

CAROL MAXSON: It is. [LB811]

SENATOR SYNOWIECKI: ...I...you know, I actually didn't realize it was this disproportionate. It's amazing. [LB811]

CAROL MAXSON: Uh-huh. [LB811]

SENATOR SYNOWIECKI: But yet, I think it's incumbent upon those that have an interest in that to engage the Legislature, engage the appropriations process. And when the Department of Roads comes in for their biennium budget next year there needs to be an organized advocacy effort and engagement in the appropriations process... [LB811]

CAROL MAXSON: I appreciate that. [LB811]

SENATOR SYNOWIECKI: ...to start this...to start bringing attention to this matter. I mean it's very limited that we can do during the midstream of... [LB811]

CAROL MAXSON: I'm afraid we've been a little backwoods and maybe a little intimidated by the process, and we're becoming (laugh) a little more engaged. [LB811]

SENATOR NANTKES: Now you know we're not scary. [LB811]

CAROL MAXSON: Yeah. So... [LB811]

SENATOR SYNOWIECKI: You know, I'm just offering you some friendly advice. [LB811]

CAROL MAXSON: I agree, yeah. [LB811]

SENATOR SYNOWIECKI: And I think it's incumbent upon those folks out there in the communities to come to the state and let us be aware of what's going on out there and your needs. And that's precisely why we have an appropriations process, precisely why we're here, is to hear from the citizens and from organizations and advocacy. So I would just encourage you to begin to do that. [LB811]

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CAROL MAXSON: Thank you. Will do. Any other questions? [LB811]

SENATOR HEIDEMANN: Are there any other questions or comments? Seeing none, thank you. [LB811]

CAROL MAXSON: Thank you. [LB811]

SENATOR HEIDEMANN: Is anyone else wishing to testify in favor of LB811? Is anyone wishing to testify in opposition of LB811? Does anybody wish to testify in the neutral position on LB811? Seeing none, would Senator Kruse like to close? [LB811]

SENATOR KRUSE: Yes, I would like to make a few comments, Mr. Chairman and committee members. I want to thank those persons who have come, especially Carol. It's a long walk to Ogallala from here. (Laughter) And she and Curt are the officers in this association and that's something, you know, that our committee has been generally unaware of. I didn't know it for three years, that you got a group out there who's working. Senator Synowiecki, you make good comments there about why aren't they in it. Well, let me add what they're not going to tell you. They've been discouraged from doing that and that's part of the problem of oversight. And I'm not knocking anybody, but in order to try to make the system work, the administrator there has sent letters to persons like Carol and said, going to be kind of tough times, don't apply for all that you qualify for, just apply for this much and that's what we'll get for you. And so we don't know what the need is, and we objected and they said, oh, never thought about that. He just thought, well, since you're not going to get all your money, might as well tell them ahead of time and it saves going through the formula. So he'd give the figure that they were supposed to turn in. So we don't know what the need is and that's why in this thing I've outlined pretty carefully that we want from each group, from Ogallala and everyone else, exactly what is it that you need for this, so that we can then make our decision. The proposed bill doesn't take anything away from us. We are still in charge of that. I think it would encourage them to come in more and to respond, as other agencies do. There is most of this thing is simply the way "Topsy grew." On page 4, the last thing just above select '06-07, that one sentence says in '75-76, 20 years ago, the transit providers received 6...the small transit providers received 6.7 percent of the appropriation. In the last year they received 41 percent of the appropriation. Okay, that's just a shift in society and things that are going along. We can give oversight and manage this in a very effective way, we, you all, because I'm going to be out of here. But I think you can do that and I do believe that for this coming year we can do all right. If we were so inclined, we could add a half a million. And I'd add one more comment that I've shared with our Chair. If, in terms of this roads construction and the gas tax, you know, we could go someplace else and that would turn loose \$3 million for roads construction, our fiscal officer says watch out because the gas tax has been pretty stable in there and that's been a good source for us. And as you can sense, what we really need is stability in this funding. It's not rocket science. Again, thank you to each of

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you and thanks for those who have come forward, and I know any of them would be glad to respond to other questions that we have as we go along. [LB811]

SENATOR HEIDEMANN: Thanks, Senator Kruse. With that, we will close the public hearing on LB811. We're done for the day. [LB811]

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Disposition of Bills:

LB771 - Held in committee.

LB811 - Advanced to General File, as amended.

LB1035 - Held in committee.

LB1139 - Held in committee.

Chairperson

Committee Clerk