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Transportation and Telecommunications Committee
February 27, 2007

[LB182 LB276 LB277 LB439 LB447]

The Committee on Transportation and Telecommunications met on Tuesday, February 27, 2007, in Room 1113 of the State Capitol, Lincoln, Nebraska, for the purpose of conducting a public hearing on LB447, LB182, LB439, LB277, and LB276. Senators present: Deb Fischer, Chairperson; Arnie Stuthman, Vice Chairperson; Ray Aguilar; Carol Hudkins; LeRoy Loudon; Mick Mines; Dwite Pedersen; and DiAnna Schimek. Senators absent: None.

SENATOR FISCHER: Good afternoon, welcome to the Transportation and Telecommunications Committee. My name is Deb Fischer, I am the senator representing the 43rd District, here in the Nebraska Unicameral, and I am chair of the committee. It's my pleasure now to introduce the committee members that are present currently. On my far right is Senator Dwite Pedersen from Elkhorn, Nebraska; next to Senator Pedersen is Senator DiAnna Schimek from Lincoln; next to Senator Schimek is the vice chair of the committee, Senator Arnie Stuthman from Platte Center; next to Senator Stuthman is Senator Aguilar from Grand Island; on my immediate right is our committee counsel, Mr. Dustin Vaughan; on my left is our committee clerk, Mrs. Pauline Bulgrin; and we are being joined by Senator LeRoy Loudon from Ellsworth, Nebraska. So thank you for being here today. Our pages are Michael Schaeffer from Lincoln; and Kristin Kallsen from Big Springs. We have to pause because we're having a problem now with our recording. Thank you for being patient. We'll get this figured out. Right now it's saying on the computer that the server is not found. Welcome back to the Transportation and Telecommunications Committee. As I was saying our pages for today are Michael Schaeffer from Lincoln; and Kristin Kallsen from Big Springs. We will be hearing the bills in the order as they're listed on the agenda. Those wishing to testify on a bill should come to the front of the room and be ready to testify as soon someone finishes testifying, in order to keep the hearing moving. Please complete a yellow sign-in sheet at the on-deck table so it is ready to hand in when you testify. We have a new computerized transcription program that's being used this year, so it's very important that you do fill out those sheets completely. And also when you come up to testify, please hand them to Mrs. Bulgrin before you sit down to testify. For the record, at the beginning of your testimony, please spell your last name, and also your first name if it can be spelled in several different ways. Please keep your testimony concise, and try not to repeat what someone else has covered. We do have a light system here in Transportation that we're going to be using. The introducers will not have a limit on their time, when a senator introduces the bill. But after that the supporters, the opponents, and those testifying in a neutral capacity will each have five minutes. After four minutes have gone by, a yellow light will show up there on that little contraption on the table, to let you know that you have about a minute left. And then when the red light comes on I would ask that you please complete your thought or your sentence and then your testimony will conclude and we will start with questions. If you don't want to testify, but you want to voice your support or opposition to a bill, you can indicate so at that

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on-deck table on the sheet provided. This will be part of the official record of the hearing. If you want to be listed on the committee statement as a testifier at the hearing, you must complete a yellow sign-in sheet and actually testify, even if you just come up and only state your name and your position on the bill. If you do not choose to testify, you may submit comments in writing and have them read into the official record. I would ask that you relax and try not to be nervous. And if you need anything, a drink of water or anything, please let me or one of the pages know and we will be happy to help you. Please turn your cell phones off. We don't allow cell phones in the hearings, so I would ask that you turn those off. And at this time, I will open the hearing on LB447. And Senator Stuthman is here to testify. And, Senator Stuthman, since we had a little problem with our new computerized transcription system, you're already 15 minutes behind.

SENATOR STUTHMAN: Thank you for that information.

SENATOR FISCHER: (Laugh) You're welcome. [LB447]

SENATOR STUTHMAN: (Exhibits 1, 2, 3) Good afternoon, Senator Fischer, members of the Transportation Committee. For the record, I am Senator Arnie Stuthman, S-t-u-t-h-m-a-n, and I represent the 22nd Legislative District. I have introduced LB447 which would require the Nebraska Department of Roads to conduct a feasibility study for a bridge over the Platte River between Highway 81 and Highway 15. This bridge would be located on the shared boundaries between Platte and Colfax Counties. However, the counties of Butler, Colfax and Platte would have to enter into an interlocal agreement to fund a portion of this study. In my research of the bridges spanning the Platte River, I found that the distance between Highway 81, south of Columbus, and Highway 15, south of Schuyler, is 17 miles. This 17 mile stretch is the greatest distance between two bridges from North Platte east to the Missouri River, so there is a great distance there. Also I would like to have in my statement that we witnessed this just in the last several weeks that the Platte River was out, south of Schuyler. So the distance between Highway 81 and the highway south of North Bend, there would be a distance of 33 miles, with no where to cross the Platte River. And I think this needs to be taken into consideration. A bridge would help in several areas. One, it would relieve a lot of stress in the city of Columbus that truck traffic causes. And it would provide an extra emergency route in the immediate area. It could also have an effect for future expansion and businesses along Highway 30 in Platte County. And also, I might add, it would help with businesses to be attracted in the northern part of Butler County by Highway 64 and the town of Bellwood. The area east of Columbus, what I'm considering to have studied, a lot of the growth in Columbus is in that eastern part, the development is there. And we're trying to, you know, expand industries in the state of Nebraska. And we've got an opportunity, you know, in this area to expand businesses, and homes, and housing, and places of employment. It would also add valuation to all three counties. It would make a lot of difference as far as valuation is concerned and people having places to live could

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develop in the area north of Bellwood. I would also like to enter into my testimony today, I have letters of support from Mr. Dick Ternes from the Columbus area, that is a letter of support, and I'd like to have that entered into it. Also I have a letter from Larry Peirce, he's the editor of the Banner Press of David City, his statement, I would like to have that entered into there. And I would also like to comment on a web poll that was taken by the Columbus Telegram of people, you know, supporting the bridge concept and opposing it, 84.1 percent supported it, and 15.9 percent opposed the bridge concept. I think this is something that there is a real need for it. I realize that the state, you know, may not be real supportive of the idea, but I want to keep the issue surfaced. And I think this is an opportune place to keep it very visible, that there is definitely a need for another river crossing on the Platte River between Highway 81 and Highway 15. Which, like I had stated earlier in my opening comments, that this is the greatest distance between two bridges, and the fact also that we have good economic development in that area. So I think there is a real need for that. Thank you. I will try to answer any questions. [LB447]

SENATOR FISCHER: Thank you, Senator Stuthman. Are there questions? Senator Schimek. [LB447]

SENATOR SCHIMEK: Yes. Thank you, Madam Chair. Senator Stuthman, I looked back at the fiscal note because I was wanting to see how much this study would cost. And I ran across the department's explanation that they don't think this is a constitutional bill. Would you elaborate on that a little bit. And would you refute that, if you can? [LB447]

SENATOR STUTHMAN: I've been in discussion with my staff as far as the fact that they feel it may not be constitutional. But I think a feasibility study, you know, should be done in that area. As far as being constitutional, you know, I think there have been feasibility studies done for the highways for access to Mahoney State Park, you know, whether there was a need there in that community for a turning lane and a highway there. [LB447]

SENATOR SCHIMEK: So are you arguing that it is constitutional to ask for a study, but maybe not then to arrange for...or the Legislature itself to arrange for funding of some kind of a bridge? [LB447]

SENATOR STUTHMAN: Personally, I feel that it's constitutional for me to request a study from the Department of Roads. And I don't see where...yes, excuse me. [LB447]

SENATOR SCHIMEK: No, that's okay. [LB447]

SENATOR STUTHMAN: But I don't see where that it's unconstitutional to request the Department of Roads to conduct a feasibility... [LB447]

SENATOR SCHIMEK: This isn't a request, though. This is legislation. [LB447]

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SENATOR STUTHMAN: Legislation? But you feel that... [LB447]

SENATOR SCHIMEK: I don't know about this issue; I'm genuinely trying to find out. [LB447]

SENATOR STUTHMAN: Um-hum, um-hum. Well, I need to get some more information on that, too. But I think there's a possibility I have a testifier behind me that can shed some light on this subject. [LB447]

SENATOR SCHIMEK: Okay. Thank you. [LB447]

SENATOR FISCHER: Other questions? I see none. Thank you, Senator Stuthman. [LB447]

SENATOR STUTHMAN: Thank you. [LB447]

SENATOR FISCHER: Could I have a show of hands of the number of people who plan to testify on this bill? We have three, total? Okay, thank you. And our first proponent. Welcome. [LB447]

LORAN SCHMIT: Thank you, Senator Fischer. My name is Loran Schmit, members of the Transportation Committee. I'm testifying here today in support of LB447. I want to thank Senator Stuthman and Senator Langemeier for introducing this bill. The need for a bridge over the Platte River has been discussed for more than 30 years. When the issue was first raised gasoline sold for 30 cents per gallon and diesel fuel was priced accordingly. At that time, the Department of Roads felt that the bridge was not economically feasible. Conditions have changed dramatically since that time. Worldwide shortages of petroleum have increased fuel prices many times. Fuel prices will continue to escalate in future years. The entire business climate of the Columbus, Schuyler, Butler County area has changed. The packing plant at Schuyler attracts hundreds of trucks per day, many of them from south of the river. The ethanol plant at Columbus produces more than 100 million gallons of ethanol per year, and is scheduled to be expanded to 500 million gallons per year, and millions of bushels of corn moved to that plant from the south and across the river at the present time are forced to go through either Columbus or Schuyler. There's been a tremendous increase in business development along the Highway 30 corridor, between Columbus and Schuyler. The city of Columbus is wrestling with major transportation problems. The large volume of truck traffic that flows through the city to the ethanol plant, the packing plant, and many other businesses built along Highway 30 contribute substantially to the traffic congestion in that community and in Schuyler. The community of Columbus is trying to determine how many viaducts are required to move traffic through that city. A bridge built between the two cities would take a large volume of traffic away from the cities and convey that

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traffic directly to their chosen destinations. A bridge would save millions of dollars in transportation costs each year. It would also increase traffic safety by moving much of the truck traffic away from the strictly local traffic. We know the volume of truck traffic is going to increase many times in the area in the near future. The state of Nebraska has enacted LB775, LB1124, LB536, and LB312 to encourage business development in this state with remarkable success. As business grows in this state, the infrastructure that supports it must also grow. It will be necessary to look ahead, recognize the bottlenecks in our transportation system and address those problems. The privately owned railroad system is spending billions of dollars to provide the facilities necessary to assist business to grow and expand. The public transportation system must meet their obligation. I ask the Transportation Committee to send LB447 to General File and hope the Legislature will act favorably on the bill. Thank you for allowing me to testify. I will be glad to answer any questions. [LB447]

SENATOR FISCHER: Thank you, Senator Schmit. Are there questions? Senator Schimek. [LB447]

SENATOR SCHIMEK: Yes, thank you, Madam Chair. Loran, you probably heard my question of Senator Stuthman. And I'm honestly not trying to cause any trouble for his bill, I'm trying to understand this issue. And is the issue that it's not up to the Legislature to decide these...to make these decisions about what gets studied and what gets developed, but rather it is the Department of Roads and the commission that guides those decisions? [LB447]

LORAN SCHMIT: Well, that's a good question, Senator. It was raised, of course, by the Department of Roads. And it's kind of ironic that it was never raised before. And you might recall it was the early eighties, I believe, I introduced a bill which created...required the Department of Roads to build an access to the Mahoney State Park. And they did it with alacrity and due diligence, and it's been a very important development to that area. I think the entire area around Ashland would not have developed had they not had that exit. In 1987 I introduced, and I think I had about 20 cointroducers, the bill which created the Nebraska freeway system. I recall at that time I discussed it with the Director of Roads, and there was never a question of the constitutionality of the Legislature being able to introduce such a bill. That bill was passed into law and the freeway system is almost 60 percent completed. And I wouldn't say that they've not kept to their schedule like they were supposed to, and they have wandered a bit from the original design of their highway, and that's their prerogative, I would guess. But the Legislature did, in those two instances, direct the Department of Roads. And I recall in my conversations with Mr. Coolidge, when we introduced the bill to create the freeway system, that Mr. Coolidge said, well, Loran, perhaps we should conduct a study, and I think there's probably a need for what you're doing, and when we get the study completed, if it looks favorable, we will proceed with the freeway. And I suggested that we conduct the study and discuss the bill at the same time, and that's

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what we did. The bill became law and Highway 2 to Nebraska City was a part of it, Highway 77, Highway 81, Highway 30, all those things were part of the study. And there was never any discussion, Senator, as to the constitutionality. The Legislature created the Department of Roads and the Highway Commission. And if there has been a change in the Constitution since 1987, I'm not aware of it. [LB447]

SENATOR SCHIMEK: I appreciate very much that explanation. Thank you. [LB447]

LORAN SCHMIT: Thank you very much, Senator. [LB447]

SENATOR FISCHER: Other questions? I see none. [LB447]

LORAN SCHMIT: Thank you, Senator, I appreciate being here. Thank you very much. [LB447]

SENATOR FISCHER: Thank you very much. Next proponent, please. Good afternoon. [LB447]

KENNETH EBEL: Good afternoon, members of the committee. My name is Kenneth Ebel, K-e-n-n-e-t-h E-b-e-l. I've lived in Columbus, Nebraska for the last nine years, the rest of my life was spent in the Bellwood area. I'm here to agree with everything that Loran has said. He said about everything that I was going to say. Loran and I went to the same school together when we were in grade school. But the area around Bellwood is a small rural area. And these areas, they just need all the help they can get. We have an elevator there to hold a million or two million bushels of corn, most all of it goes to Columbus. Now it has to go clear around, go through about 15 stop lights to get there. If this bridge would be built it would take off, I don't know, 10 to 15 miles probably. And it's so important to the farmers in the area. And it seems like us farmers, we're always asked to, for the schools and everything, we're always asked to pay the high tax bills. When we get into these small towns we have a lot of...land prices keep going up and valuations keep going up, so we just keep forking over more taxes to keep our schools going in our small towns, and our fire districts. And I think that Columbus really has to work better with the rural areas, because I went to Wal-Mart one day, we got a brand new Wal-Mart, 50 percent of the cars there were out of Platte...they were not in Platte County. So we bring in all that sales tax from Bellwood and all the area, and Columbus...now the sales tax goes to the big swimming pool we have. But the rural areas don't seem to get anything back, except we get to use these facilities, but still...and I was looking through some stuff and I found a map from 1970 that showed a study done. And that map shows a bridge going over the same place that Arnie is proposing this bridge. I'm going to bring it and give it to Arnie because that was back in 1970. They had proposed that Highway 81 would go west of Columbus then Highway 30 would come down Highway 64 and go across this bridge that Arnie is talking about now. That would be the Highway 30 route, and it would bypass the area of Columbus.

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Well, you know what Columbus did. They didn't want that, so it never went any farther than that. And that was done back in 1970. So we have half a dozen representatives here from the area of Bellwood that are in support of this bill. And I would just hope you seriously consider Arnie's bill. Thank you. Any questions? [LB447]

SENATOR FISCHER: Thank you very much, Mr. Ebel. Are there questions? Senator Louden. [LB447]

SENATOR LOUDEN: Yes, thank you for testifying today. How long of a stretch of road are you talking about? You're going to have to have a connecting road, is that my understanding, across there? [LB447]

KENNETH EBEL: You mean between Highway 64 and the bridge? [LB447]

SENATOR LOUDEN: Yeah. [LB447]

KENNETH EBEL: I would say it's about 30 miles. [LB447]

SENATOR LOUDEN: Okay. And then how about the bridge then on the other side? Is it another three miles? [LB447]

KENNETH EBEL: The Platte River? [LB447]

SENATOR LOUDEN: Yeah. [LB447]

KENNETH EBEL: Arnie would know about that, but it would be three to four miles, probably. [LB447]

SENATOR LOUDEN: Okay, seven, eight miles of roadway. And I've never been right there along the Platte River. But how wide is the Platte River? How much bridge are you talking about building across there? I mean is this bridge going to be a quarter of a mile long, or is it going to be six bridges of 250 feet, or what? [LB447]

KENNETH EBEL: It's going to be, in that area, see, the Loup River comes in just before where the bridge would be, so it just has...just need one bridge. And they built a railroad bridge across it here, when the ADM corn plant went in they built a new railroad bridge across there. So it would be about the same length as the new railroad bridge, which I don't know how...I wouldn't know how long it is? [LB447]

SENATOR LOUDEN: A quarter mile, 1,320 feet? [LB447]

KENNETH EBEL: I'd say a quarter of a mile, just guessing. [LB447]

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SENATOR LOUDEN: Yeah. Has anybody ever said how much it was going to cost or anything? [LB447]

KENNETH EBEL: No, I don't have any idea. [LB447]

SENATOR LOUDEN: How long did it take them to build the railroad bridge across there? [LB447]

KENNETH EBEL: They done it pretty fast, I have a member here that would know, but I don't suppose he could just get up and say, but he knows how long it took because he has land right there. I would say it took...maybe he could nod his head. Did it take two years, to build the bridge, two years? [LB447]

_____ : No, about a year. [LB447]

KENNETH EBEL: About a year to build that bridge, yeah. They really went at it. [LB447]

SENATOR LOUDEN: Okay. And you're talking about a two-lane bridge, four-lane bridge, or two-lane highway, four-lane highway? What kind of a... [LB447]

KENNETH EBEL: I'm not a highway engineer, but I think everybody would be happy with a two-lane bridge. [LB447]

SENATOR LOUDEN: Okay. What I'm wondering is, is this something that a county projects, if it was a couple or three counties there, you're rich counties there, can you...can they... [LB447]

KENNETH EBEL: Well, yes, I'm sure the counties would have to... [LB447]

SENATOR LOUDEN: Can they handle that? [LB447]

KENNETH EBEL: I don't think they could handle it themselves. [LB447]

SENATOR LOUDEN: Okay, thank you. [LB447]

SENATOR FISCHER: Thank you. I would like to mention that we've been joined by Senator Mick Mines from Blair. I apologize for not getting that in earlier. Other questions? Senator Schimek. [LB447]

SENATOR SCHIMEK: Yes, thank you. I'm sorry, I didn't catch your last name. [LB447]

KENNETH EBEL: Ebel. [LB447]

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SENATOR SCHIMEK: Ebel? [LB447]

KENNETH EBEL: E-b-e-l. [LB447]

SENATOR SCHIMEK: Mr. Ebel, did I hear you say that you and Mr. Schmit went to school together? [LB447]

KENNETH EBEL: Out in a one-room school, yes. [LB447]

SENATOR SCHIMEK: And that he said everything pretty much that you were going to say? [LB447]

KENNETH EBEL: I agreed with everything he said, yes. [LB447]

SENATOR SCHIMEK: Does that mean you pretty much think alike? [LB447]

KENNETH EBEL: We had the same teachers. (Laughter) [LB447]

SENATOR SCHIMEK: I was going to ask you, if you thought alike, and you were supposed to answer, yes, and then I was going to say, are you sure you want to admit that? (Laughter) [LB447]

KENNETH EBEL: Yes, I'll admit that I think like Loran. We're both conservatives, I know that. [LB447]

SENATOR SCHIMEK: Thank you. [LB447]

SENATOR FISCHER: Any other questions? I see none. Thank you, Mr. Ebel. [LB447]

KENNETH EBEL: Thank you. [LB447]

SENATOR FISCHER: Next proponent, please. Are there any other proponents? Is there anyone who wishes to testify in opposition to the bill? I see none. Anyone wishing to testify in the neutral capacity? I see none. [LB447]

SENATOR SCHIMEK: Madam Chair, is there anyone here from the Department of Roads? [LB447]

SENATOR FISCHER: If they have not come forward at this time, I would say no. Senator Stuthman, would you like to close? [LB447]

SENATOR STUTHMAN: Thank you, Senator Fischer and members of the committee. In closing I will tell you what the real intent of this bill is, is Nebraska is trying to attract

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more people, more businesses to the state of Nebraska. We need to have more people into the state of Nebraska and more businesses in Nebraska. With this proposal of a bridge, in our community we're trying to do everything possible to create more jobs. We actually, in our community, have more jobs than people at the present time. We have a lot of people that live southeast of Columbus, in that area, in the David City, Wahoo, Seward area, that we would like to attract back to come to work in the Columbus area. I have some information as far as we have BD Pharmaceuticals in Columbus that was mentioned to me yesterday. That if a plane would drop out 500 people over Columbus, they could all get a job at BD Pharmaceuticals; they're so short of workforce. Also with the ADM expansion they're going to need close to 200 new workers in that area, and they do not have the people there to fill those spots. I want to also address the question that Senator Loudon had as far as where the bridge proposal is. There is existing county roads already, except for the abutments to the bridge, which would probably be a quarter mile on one side, to maybe half a mile or so on the other side. And then there is existing roads already. Yes, these roads would have to be widened and expanded. And as far as the proposal that I'm looking at is a two-lane bridge with a walk and bike trail along with that bridge because there's a lot of emphasis for people that want to walk and have bikes on that. As far as the cost of the bridge, I have no idea. I've been trying to get that information, you know, from the Department of Roads and haven't been successful. As far as the cost for a feasibility study, I'm sure that it would be, in my experience, would be in the range of \$100,000 which would be shared 80-20 with the local communities, 20 percent coming from local support, and 80 from either federal or state involvement. So that is some of the answers to your questions, Senator Loudon. And I would hope that we could, you know, keep this issue surfaced because what I'm trying to do is do what Nebraska needs, and that is attract people to the state of Nebraska. Thank you. [LB447]

SENATOR FISCHER: Thank you, Senator Stuthman. Questions? Senator Mines. [LB447]

SENATOR MINES: Thank you, Senator Fischer. Senator Stuthman, I apologize for missing your opening. I was elsewhere. You said that your intent is that the state would share 80-20 with the local county or cities. That's not what your legislation says. This says, the Legislature shall appropriate such funds as necessary. It doesn't say there's a match. Would you be open to amending this to identify an 80-20 split? [LB447]

SENATOR STUTHMAN: Yes, I would because I think what I am emphasizing in the bill is that the Legislature...the Department of Roads would engage in funds for this study, but that would only be the percent. You know it's a cost share basis. And, yes,... [LB447]

SENATOR MINES: It can be, it isn't always, and that's why I think in this case we should identify it. [LB447]

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SENATOR STUTHMAN: And I would be very acceptable to amending that into it. [LB447]

SENATOR MINES: Okay. Secondly, I'm not familiar with where the current bridge is and where you're proposing one. A drive from David City, you said people coming in from David City. [LB447]

SENATOR STUTHMAN: David City. [LB447]

SENATOR MINES: How much time would it save someone traveling? [LB447]

SENATOR STUTHMAN: If a person lived in David City, Rising City, Ulysses, Gresham, down in that area, they could save as much as 17 miles a day one, you know, a trip, is what it would save. [LB447]

SENATOR MINES: Okay, okay, so about 20 minutes a day, that's back and forth. [LB447]

SENATOR STUTHMAN: There has been some people have stated that they could have saved, in the lifetime that they've worked in Columbus, 200,000 miles. [LB447]

SENATOR MINES: And the final, I guess, the final thought I've got here when Senator Schmit was speaking. And I know that there is precedent for doing something like this. It's...I also know that we, as the Legislature, typically leave these things to the department to make those determinations. And I might ask, what do I tell my constituents in Blair who have paid for a feasibility study for a bypass as opposed to a bridge, same thing, they've paid for that already, and now this project would be funded 80-20 by the state? How do we...and others as well. I would imagine on the floor we might see people add on other projects that are interesting to them. How do we say no at some point? [LB447]

SENATOR STUTHMAN: I think in reference to your comment as far as your community paying for it, did they pay for 100 percent of the fees? [LB447]

SENATOR MINES: One hundred percent. [LB447]

SENATOR STUTHMAN: They paid for 100 percent, no... [LB447]

SENATOR MINES: One hundred percent, \$600,000. [LB447]

SENATOR STUTHMAN: No federal impact or anything like that? [LB447]

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SENATOR MINES: None, none. [LB447]

SENATOR STUTHMAN: Well, I'm trying to get this a little bit more reasonable. [LB447]

SENATOR MINES: You're trying to get it free, or 80 percent free. (Laughter) [LB447]

SENATOR STUTHMAN: Because any of the information that I've been trying to get, I mean, it's a cost share basis, and that way... [LB447]

SENATOR MINES: Okay. [LB447]

SENATOR STUTHMAN: But when I'm dealing with a bridge, a bridge is under the direction, any bridge in the state of Nebraska, you know, is under the direction of the Department of Roads. The county can't build it, the city, the community can't build it, I can't build it. The Department of Roads is the one that sets the specifications to build a bridge, all bridges in the state of Nebraska. [LB447]

SENATOR MINES: Thank you. [LB447]

SENATOR FISCHER: Other questions? Senator Aguilar. [LB447]

SENATOR AGUILAR: Yeah, Arnie, you mentioned Butler, Colfax and Platte Counties? [LB447]

SENATOR STUTHMAN: Yeah. [LB447]

SENATOR AGUILAR: Not Madison? [LB447]

SENATOR STUTHMAN: No, no. [LB447]

SENATOR AGUILAR: So this wouldn't be one of the bridges of Madison County? (Groan) [LB447]

SENATOR STUTHMAN: No, it would be very expensive. (Laughter) Also in closing, I would like to enter this web poll into the testimony. And I will read, there was a poll taken as far as gas prices, and also a question, do you think a bridge across the Platte River connecting Highways 30 and 64 is a good idea? And there were 384 votes taken, like I said, 84.1 percent in favor, and 15.9 against. So I'd like to enter that into my closing. [LB447]

SENATOR FISCHER: Thank you, Senator Stuthman. With that, I will close the hearing on LB447, and open the hearing on LB182. And I see Senator Kruse is here. Welcome to the Transportation and Telecommunications Committee. [LB447 LB182]

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SENATOR KRUSE: (Exhibits 1 and 2) Thank you. I feel welcome, glad to be here. Madam Chair and committee members, my name is Lowen Kruse. The hard part of that is L-o-w-e-n, representing District 13. We will be going off to the white copy, which you have received, which replaces the bill. And Mr. Rainey, commonly known as Lefty, is...will pass out copies to anyone in the audience, since this is totally new and it's pretty fresh to us. We want to make sure you know about it. Just hold up your hands if you would like a copy of this bill. It's been a frustrating thing to bring this issue before us. The issue is the transportation of elderly and handicapped persons. This comes from a directive from the federal government, about 30 years ago, that we're required to provide transportation for handicapped persons to get to necessary services. Twenty-five years ago, the state of Nebraska made a direction that anybody doing this should do it for half price, and added in elderly. So our law for 25 years has been that you provide...the local community provides this transportation for half price, and that then the state will cover that discount of half price. And I'll show you a little history, after a little bit, that will show you that that was clearly legislative intent for the first several years, nearly ten years of the program, the discount was paid by the state. Now it is not, and that's what is before us. There is a lot of twists and turns to this. We had an interim hearing last fall which I thought would prepare us for a bill. The Transportation Committee was getting ready to pass on into the sunset mostly, and so it was just very difficult to get any output from that interim study. So if we could, Madam Chair and committee members, I would call this an interim study today. And I'm inviting persons to make their suggestions. We had a really good turn out at the interim study of persons from both rural and urban settings. I appreciated that. In this particular bill we thought to continue that by handing the job of dispersing these funds when they are short to the Transportation Committee instead of, as has been done by the roads. The roads writes the checks, they administer the funds, but they don't make decisions about how this is going to get done. And that was troubling to me and very clear within the interim study. So I thought to hand that over to the Transportation. It has, by default, been done by the Appropriations Committee for the last several years. However, this last week we realized that the copy that we put out, there was a lot of reaction and feeling that if we divide the funds evenly among everybody there's not going to be a lot left. And that was an appropriate thought, except they didn't know what we were intending to do with that. The intention was to put it to the Transportation Committee, who would then decide how these funds would be distributed. And my thought in that and my recommendation to you was going to be to set the '06 funding from last year as the floor. So anybody that got that, which was 75 percent, in general, except for the cities, they got about 10 percent, but set that as a floor. Then for the future, until we could get this sorted out. There's really not that much change in the white copy. What we've done is...well, we realize the committee doesn't really submit a budget to the Appropriations Committee. I thought it should be a letter of recommendation. But we...in this you will see that we are taking the job of dispersing these...deciding who gets the money away from roads, which has kind of been in there by statute from the beginning. Roads has done a good

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job with this, without getting much help from anybody. A few years ago they didn't have enough money and they decided, well, a handivan must help handicapped people. We also have buses which are very expensive, and they aren't ADA adequate and sponsoring. So at any rate, they decided to just fund handicapped vans. But there was a little misstep in there. And again, not knocking them, they're just trying to figure out how to stretch the dollars out. They would pay for that only if they were in a rural area. So we have a situation where it is slowly gotten into a situation where the rural units get nearly 100 percent of the funds, and the urban units, Lincoln and Omaha, and that language was inserted in the middle of the nineties. We really don't like it. This is not a rural/urban affair. And I want to emphasize that the so called urban units have been some of the most stalwart defenders of the rural program. They could have swamped the whole system, and they have avoided doing that so that the property taxpayers in Omaha and Lincoln have been the ones that have been the ones that have been funding over half of what the rural units are getting. Again, this is not General Fund, this is gas tax going through the roads Cash Fund. And when it's not paid it goes on the property tax. So during the last ten years, the city of Omaha has paid \$42 million in property taxes in order to try to keep this thing going. Obviously, that just cannot continue. So the white copy says that the roads shall request full funding based on their experience so that we know what the figure is that's needed. And then that Appropriations would decide how to divide the money, if there is not adequate funds. I still would like to work in something where Transportation gets involved in this, because I think this is a good committee that balances out the state and keeps us even. We really want to keep this even, and we want to get away from the rural/urban thing. However, that would be the ongoing conversation. I really appreciate the persons who have come here to testify today. They came worried about being cut out. And as I've indicated, that's not anybody's intention. But I'm glad they're here. I'm glad everybody is here, because we need to know what you think should happen in the future. We know we're in a mess now, a really difficult mess. And Appropriations will take care of it for the next two years in the budget that they submit to the floor. And, of course, the floor can decide what they want to do with it. But I think they'll have a pretty good program, they'll take care of it, they'll have partial funding for everybody. But two years from now, we need to be on a plan that just looks well into the future and that people can trust and that has the broader participation than somebody writing checks out over in the Roads Departments. So that's what the bill does. You see the two examples there. There's no need for this bill to...it won't get to the floor this year. So we've got time to think and reflect. And I emphasize to those who have come here today that today's not the last time you can testify; go home, think about it, send back information to me, as sponsor of the bill, to this committee, and help us figure out a long-range plan. Now with that, I would like to go to the history. And Mr. Rainey will pass out that to the audience, anybody who wants it. Again, there is nothing secretive about this. We'll be looking at the side of the page that you look at this direction. It is titled "Local Transit Systems." And this says more quickly, you know, I kind of want to protect our time here. But it gives the history of it. I've already told you a little bit about it. Some of you who have been around since Noah, remember that in the

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eighties came a financial downturn that was worse than what we've experienced the last few years. It was really a tough thing when Kerrey was Governor. And so at that point comes '85, the fund was dropped to \$1 million; before that it was basically \$3 million for the years preceding that. And then it slowly grew back up to \$1.5 million, which is where it has stayed until the Appropriations Committee, four years ago said, this just is totally unfair, and it's inadequate handling of a serious problem, because transportation for people in the rural cities, yes, city isn't quite adequate to describe it, because we're talking about some of the larger cities, that transportation is very important. I would submit that there are persons that live within a few blocks of me, in north Omaha, who are just as isolated and just as desperate trying to get to a doctor. So you see there in the balance, on the right-hand side, on those two columns Lincoln and Omaha got \$2.5 in the beginning, \$300,000 took care of all the others. Then in about '91-92 is when it kind of balanced out. So I don't think anybody worried about it too much of that time, well about half and half. And, you know, half the population is urban, and half of it's in these others. But the amount within the rural programs, and again the Omaha director and Lincoln director have celebrated this. The rurals have really stepped forward. They have to put a lot into this to make this go. There are volunteers, there's local property taxes. And so they were up to over \$1 million by '05. And, of course, just came out of the urban thing. Until this current year we were able to get the amount doubled, and that allowed the two be again about equal. For the next year, the Governor's budget is down to \$1.4, which would mean everybody is cut. It just really would be chaos. The Appropriations Committee has already declared, in the preliminary budget, that for this coming year it would be \$3 million; there's \$100,000 in there that goes to the inner city buses, so just ignore that, but it's \$3 million for next year, and then \$3.5 million for the year following. And you can see how a proposal that I will share is split between those two. If you'll turn over the page now, you will see the total requests in this current year in the first column. The amount that was received in '06, in the second column, and that I've indicated is kind of the bottom line. I think every one of those should get at least that in the future years. So our thought was that...and that's about 75 percent. Our thought in the committee, and I've worked out these figures, and they can be jockeyed around, of course, but if we could get the vans and the special services, oh that's another thing I need to say. If you've got a fixed route bus, which Omaha, Lincoln, Bellevue, Ralston, LaVista and Papillion do have, then you are required by federal regulations to pick up that handicapped person, even if you have to send a taxi. So that's why the urban programs get really expensive, they are required to do that, they don't have any option. Lincoln does it more with contracted services; Omaha has got a contract with some taxis. But that really becomes a difficult thing to meet that federal regulation. And that's part of the reason that their amount has grown so much. The requests you see in the middle column, of '07, that's the buses, 27-passenger is the division between a bus and a van and the minibuses. But you see there that Omaha has requested \$3.5 million; well, that just swamps the whole thing. So what I am suggesting to Appropriations for next year is that 17 percent, only 17 percent of the funds would be set aside for buses and be divided between those six communities that have buses. And that they would

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then be paid out at 8 percent, you see there, and the following year at 10 percent. And you understand this is all preliminary, especially for the year '11, that Legislature hasn't even been elected yet. Hopefully, they would get to the point of passing out 12.5 percent to the buses, and you go over to the other side, oops, we didn't get the 11 column in there. The column for 11 on the van side is to pay out at 100 percent. So again for the vans and special services, which we've been trying to guard, 80 percent in '08, 90 percent in '09, and 100 percent in '10 or '11; hopefully, in '10, but certainly by '11. Now I've thrown out a lot of stuff at you here. I think I better really stop on this, Senator, and ask if there are questions? It's a broad scope again. What I really want us to do is to take our time and come up with a good system. And I think this is the committee to do it, I really believe that. Appropriations is not saying leave us out of this, but at the same time, they're not going to give the attention to it that you will. [LB182]

SENATOR FISCHER: Thank you, Senator Kruse. Are there questions? We truly are speechless. [LB182]

SENATOR KRUSE: I think you have one over here. [LB182]

SENATOR FISCHER: Senator Schimek. [LB182]

SENATOR SCHIMEK: Well, I'm almost think, Madam Chair, I'm almost leery to ask it because it won't sound very brilliant. And we all hate to sound stupid. But I didn't catch what you said about 80 percent of it going to buses, I thought you said, two years from now? Did I miss something or misunderstand something totally? [LB182]

SENATOR KRUSE: Well, there's two different formulas in there. [LB182]

SENATOR SCHIMEK: Right. [LB182]

SENATOR KRUSE: Two years from now, well, even starting with next year, 17 percent of the total funding would go to buses. And eventually we'd get up to 20 percent of total funding for buses. But I doubt...I don't see that we're ever going to get past that. [LB182]

SENATOR SCHIMEK: Oh, okay. [LB182]

SENATOR KRUSE: And that 20 percent would fund 8 percent of the buses requests. And please don't apologize for any dumb questions. I feel...I've worked on this for six years now and I'm beginning to wonder if it can be sorted out? [LB182]

SENATOR SCHIMEK: Well, I appreciate all your work on this, Senator Kruse. And I hope that people who have come to testify understand your intentions are very good here. [LB182]

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SENATOR KRUSE: Thank you. [LB182]

SENATOR FISCHER: Thank you. I'd like to mention that we've been joined by Senator Carol Hudkins of Malcolm, a member of the committee. And are there any other questions? I see none. Thank you, Senator Kruse. [LB182]

SENATOR KRUSE: Okay. [LB182]

SENATOR FISCHER: Would the first proponent step forward, please. And please remember we are on the light system. Good afternoon. [LB182]

CURT SIMON: Good afternoon, Madam Chair, members of the committee. My name is Curt Simon, C-u-r-t S-i-m-o-n. I'm the executive director of Metro Area Transit in Omaha. I also serve as the secretary of the Nebraska Association of Transit Providers, which represents over 60 statewide transit agencies, the rural operators and the urban operators. As Senator Kruse had mentioned, we operate the public transportation for the city of Omaha. We also do contract service for Bellevue, LaVista, Ralston, and Papillion. I'm here today to speak in favor of LB182 and the need for some type of reform as it pertains to the distribution of transit assistance monies in Statute 13-1209. Statute 13-1209 provides for transit assistance to eligible public transportation systems in an amount not to exceed 50 percent of eligible operating costs. While this is the intent, the funding provided to transit throughout the state seldom, if ever to my knowledge, has come close to meeting the needs as submitted annually by the transit operators. For example, in fiscal year 2006, funding for Metro Area Transit was just over 6 percent of the amount eligible, and Lincoln's was at 3.8 percent. Although not reduced as dramatically as the urban centers, our rural counterparts were also funded short of their stated need in fiscal year 2006 by \$314,714. They received 73 percent of their requested assistance. I point out that the statute makes no distinction as to how the monies are to be distributed. They are distributed by the Nebraska Department of Roads under a formula basis, wherein the rural transit operators receive their monies and allocations first, what's left over is typically distributed under another formula between the urban operators of Omaha and Lincoln. As Senator Kruse indicated, in 2007 additional monies were appropriated to fund transit assistance in the state of Nebraska. And while those monies fell short of the Omaha and Lincoln requests, that did serve to fund the rural providers at 100 percent of their requests under the statute. So that was greatly appreciated, the additional appropriation that was received for fiscal year 2007. All this is occurring at a time when we're seeing unprecedented passenger growth in both our rural bus and on our para-transit van service. Compared to 2005, Metro Area Transit had nearly 300,000 additional bus riders, and we had about 13,000 additional handicapped individuals. Those are persons that due to their disability cannot use a regular public transit bus. So their disability has to actually prohibit them from boarding or deboarding a transit bus; they're eligible for what we call a para-transit type of service. We attribute in large part our increase in bus passengers to, obviously, what

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gasoline is doing and it's very price-sensitive. Last year we had an over 8 percent increase in bus, and over a 21 percent increase in that van type of service for persons who are elderly or disabled. We attribute that to the fact that we're a growing population, we've an aging population. 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's obvious as our population continues to age transportation related needs will continue to expand. I believe LB182 in some form can help to better meet the growing needs by outlining a fair and sustainable method of transit assistance distribution. I appreciate having had the opportunity to address you. I'd answer any questions, if you have any. [LB182]

SENATOR FISCHER: Thank you, Mr. Simon, very much. Are there questions? I have a couple for you, please. Can you tell me what the total dollar amount is that you receive from the state in this fund? [LB182]

CURT SIMON: That Metro Area Transit receives? [LB182]

SENATOR FISCHER: Yes, yes. [LB182]

CURT SIMON: In the fiscal year 2007 it was right at about \$1 million. [LB182]

SENATOR FISCHER: And can you tell me if you received funds from any other sources, like federal loans, federal grants? [LB182]

CURT SIMON: We receive...we have two different types of federal grants that we're eligible to receive, one is formula money, it's called 5307, and the other one is discretionary money that our Congressional delegation, for example, can ask for earmarks. Those are typically earmarked for capital acquisitions. [LB182]

SENATOR FISCHER: And how much did you get from 5307? [LB182]

CURT SIMON: 5307 is typically averaging around \$5.7 to \$6 million annually. [LB182]

SENATOR FISCHER: And how much in earmarks? [LB182]

CURT SIMON: It varies from year to year. We've been fairly successful, in the last few years. We've probably been the beneficiaries of about \$6 million in earmarked funds to purchase new buses, to build transit centers, other capital acquisition, which all have to be leveraged at different coshares of 80 percent federal, 20 percent local, some different percentages, depending upon the acquisition. [LB182]

SENATOR FISCHER: Can you tell me what your total budget is? [LB182]

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CURT SIMON: Total budget is about \$20.5 million. [LB182]

SENATOR FISCHER: The rest comes from the city, the city budgets the rest then? [LB182]

CURT SIMON: Metro Area Transit is a separate transit authority. We're a political subdivision of the state of Nebraska. So... [LB182]

SENATOR FISCHER: So you have the ability to levy property taxes? [LB182]

CURT SIMON: We do. [LB182]

SENATOR FISCHER: And what is your current levy? [LB182]

CURT SIMON: Our current levy is...you ask me these hard questions. [LB182]

SENATOR FISCHER: I just gotta know. [LB182]

CURT SIMON: I think it's about 3.8. [LB182]

SENATOR FISCHER: What's the city's levy? [LB182]

CURT SIMON: The city does not provide any... [LB182]

SENATOR FISCHER: No, I know, but what is...do you know what the levy is for the city of Omaha? [LB182]

CURT SIMON: I do not know what the city of Omaha's levy is. [LB182]

SENATOR FISCHER: And your levy is 3.8? Okay. Thank you very much. [LB182]

CURT SIMON: You're welcome. Thank you. [LB182]

SENATOR FISCHER: Other questions? I see none. Thank you, Mr. Simon. [LB182]

CURT SIMON: Thank you. [LB182]

SENATOR FISCHER: Next proponent, please. Good afternoon. [LB182]

LARRY WORTH: (Exhibit 3) Afternoon. Ms. Chair and members of the committee, I am Larry Worth, W-o-r-t-h. I'm the transit manager of StarTran, the public transit system here in Lincoln, Nebraska. StarTran provides public transportation needs of all citizens of the city of Lincoln, utilizing two basic forms of transit--the regular fixed route bus

service, which serves all citizens, and our door-to-door para-transit, or handivan service, which is operated for persons with disabilities who are unable to ride the regular buses. StarTran operating budget for all public transit services in the current fiscal year is just above \$9 million. The legislative intent of the Nebraska Public Transportation Act is to equally allocate financial assistance to all public transportation providers, with up to a 50 percent of the portion of their operating expenses that are not reimbursed by fare revenue and federal programs eligible for that financial assistance. Without the act being fully funded, such state funding has traditionally been allocated, such as the rural and other nonmetro transit systems, have received nearly 100 percent of their eligible operating costs while Lincoln's StarTran and Metro Area Transit of Omaha split any remaining funds. This traditional allocation has historically resulted in Lincoln receiving approximately 6 percent of eligible operating costs, far less than the 50 percent intended by the state law. LB182 would correct the unfairness of the current allocations and effectively ensure that all transit systems be treated equally. As a member of the Nebraska Transportation Providers Board of Directors, an organization which includes Lincoln, Omaha, and most rural transit providers, I acknowledge the need of the rural systems for state financial assistance to help them meet their transportation needs of the rural communities. The need for state financial assistance is just as important for the urban area transit providers. As the representative of the city of Lincoln, I support LB182. StarTran has realized a 17 percent increase in ridership over the past two years, including a 20 percent increase in ridership by persons with disabilities who utilize the para-transit services, which we believe is equal or greater than the ridership increases by the rural systems. The current allocation of state transit funds results in Lincoln taxpayers being required to pay a much higher percentage of operating costs than most other communities are asked to pay by the state. The combination of not receiving the state 50 percent operating reimbursement along with constraints on local general tax funds puts more pressure on reducing transit services. The increase in state financial assistance proposed by the funding reallocation in LB182 is necessary to meet the current and increasing public transit needs in Lincoln. The financial assistance proposed by the Nebraska Public Transportation Act is critical in enabling all Nebraska public transit systems, rural, nonmetro, and metropolitan meeting the public transportation needs of the Nebraska citizens. LB182 would equalize the funding percentage of all transit systems and distribute available public transit in a fair and equitable manner. No single category of transit systems would be treated more favorably than the other. Beyond the equality afforded by LB182, the key issue is the total level of funding allocated to achieve the legislative intent of the Nebraska Public Transportation Act. The current act is woefully underfunded and only meets about 15 percent of the statewide need. Approximately \$10.7 million would fully fund the statewide transit programs. Increased state financial assistance is necessary to close this gap to meet the public transportation needs of Nebraska citizens. We urge the committee to advance LB182. May I answer any questions? [LB182]

SENATOR FISCHER: Thank you, Mr. Worth. Are there any questions? Senator

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Hudkins. [LB182]

SENATOR HUDKINS: Larry, I know you, so I can ask you this question. The fiscal note says that this bill would change the allocation formula of how those funds are distributed. And it's the opinion of people who are writing these fiscal notes that most of the funds, or at least the majority of the funds would be distributed to Lincoln and Omaha, based upon the number of people. Now we realize that, and you said it yourself, Lincoln and Omaha need more money, so do the rurals. But to take away the funding that is currently allocated to the rural people because you want to do it on a per rider basis, I don't think really takes care of the problem. Yes, Lincoln and Omaha have more people, but it costs more to give the service to the rural areas. And so I guess my question to you is, do you think it fair to give Lincoln and Omaha what they desperately need at the expense of the rurals? [LB182]

LARRY WORTH: No, I think that's probably what Senator Kruse addressed during his presentation. We think, and I think Senator Kruse indicated, Curt is on the...he's the secretary of the NATP, which represents both urban and rural systems. I'm on the board of directors. We have no problem with the...indicating that the rurals also are in need of a totally allocated, or should get all of their 50 percent. But we're also saying that there ought to be some equality with regard to the rural and the urbans who are, as I indicated, the rurals are getting 6 percent, we're getting...and the urbans are getting about 6...they're getting 50 percent, we're 6 percent. As I indicated, I think there's...the need is for both urban and rural. And I'd suggest that, as the senator indicated, that this is not intended to be a rural/urban issue, it's intended to be a transportation issue throughout the state. [LB182]

SENATOR HUDKINS: I agree that it is a transportation issue throughout the state. But my feeling, for what it's worth, is that how much did the rurals get, 56... [LB182]

LARRY WORTH: They get 50 percent. [LB182]

SENATOR HUDKINS: ...50 percent, and you get 6. [LB182]

LARRY WORTH: That's how it's been turning out, yeah. [LB182]

SENATOR HUDKINS: Yeah. But the 6 percent that you get is able to be used in a smaller, more compact area. Therefore your 6 percent should go further than the 50 percent that's in the rural areas. [LB182]

LARRY WORTH: Not necessarily. [LB182]

SENATOR HUDKINS: Okay. [LB182]

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LARRY WORTH: We have...both Curt and I have unionized drivers, we have to...we do pay more. Our costs are higher at least on a per person basis. [LB182]

SENATOR HUDKINS: Okay, I appreciate that information. Thank you. [LB182]

SENATOR FISCHER: Other questions? Mr. Worth, I'll ask you the same questions I asked... [LB182]

LARRY WORTH: And I don't know the city's tax levy. [LB182]

SENATOR FISCHER: ...Mr. Simon. Okay. The total money you receive from this state aid program? [LB182]

LARRY WORTH: This last year or the current year is about \$400,000, previous to that it was about \$125,000. [LB182]

SENATOR FISCHER: Okay. And does Lincoln receive any federal funds or grants? [LB182]

LARRY WORTH: Sure. [LB182]

SENATOR FISCHER: And where would those be? [LB182]

LARRY WORTH: About \$2 million of operating and capital money, the 53.0... [LB182]

SENATOR FISCHER: 07? [LB182]

LARRY WORTH: ...07. [LB182]

SENATOR FISCHER: I'm learning. And any other grants or... [LB182]

LARRY WORTH: Not at this...not recently. A couple of years ago, we received an earmark for about \$1.5 million, and I think a year or two before that we received about another \$1 million. [LB182]

SENATOR FISCHER: Do you also have the ability to levy for property taxes? [LB182]

LARRY WORTH: No, we are part of the city of Lincoln. We're actually a division of the city Public Works Department, so we are a part of the city's budget. [LB182]

SENATOR FISCHER: Okay. So you have to go through the budgeting process with your city council,... [LB182]

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LARRY WORTH: That's correct. [LB182]

SENATOR FISCHER: ...through the Public Works Department to determine what your locally elected officials, I guess, feel is necessary to put into StarTran? [LB182]

LARRY WORTH: That's fair, yes. [LB182]

SENATOR FISCHER: Okay. Do you receive any money from...any major funds from any other sources? [LB182]

LARRY WORTH: Well, our total budget is, as I indicated, about \$9 million; about \$2 million comes from the federal, \$1 million approximately comes from fares, revenues, and \$6 million basically comes from the city General Fund. [LB182]

SENATOR FISCHER: Do you have to have taxis pick people up that need assistance? Are you on fixed routes? [LB182]

LARRY WORTH: Actually, yeah, as the senator indicated, we are required to, if a person is ADA eligible, we're required to give that person a ride that he or she asks for. We have a handivan system, similar to what they have in Omaha. [LB182]

SENATOR FISCHER: Okay. [LB182]

LARRY WORTH: But we also have to contract with private providers to...in order to meet those needs which we can't cover by the handivan. [LB182]

SENATOR FISCHER: Okay. I happen to, when I'm here in Lincoln as a senator, away from my real life, I happen to rent an apartment that's just a half a block west of the hospital...hospital. Sometimes this place should be, it's a Capitol. (Laughter) [LB182]

LARRY WORTH: Which hospital? [LB182]

SENATOR FISCHER: This one. [LB182]

LARRY WORTH: Oh, okay. [LB182]

SENATOR FISCHER: And we're all inmates. But anyway, I have an apartment about a half block west. And I see a number of city buses going by because they stop right across from the west side of the Capitol. Can you tell me what your passenger average carrying load at any one time is? How many passengers ride a bus during the day, on average? [LB182]

LARRY WORTH: On the average, I think, I was going to say 17, but 18. [LB182]

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SENATOR FISCHER: And how many can the bus hold? Because I see buses that are pretty empty. [LB182]

LARRY WORTH: About 30. [LB182]

SENATOR FISCHER: Okay. Is that because you're on a fixed route, do you think? Or why aren't your buses fuller? You know, sometimes I'm over here before six in the morning. I think the buses start running at 5:30, about a quarter to 6 I start hearing them. I never sleep in. But they're always running. [LB182]

LARRY WORTH: I suspect... [LB182]

SENATOR FISCHER: And you know why... [LB182]

LARRY WORTH: Well, it's... [LB182]

SENATOR FISCHER: I'm not trying to micromanage you,... [LB182]

LARRY WORTH: No. no. [LB182]

SENATOR FISCHER: ...but that's just one thing I notice all the time on the buses as I walk to and from work when I'm here every day. [LB182]

LARRY WORTH: Actually, every...on the buses that go past your apartment are at nearly the end of the downtown loop. So the ones that are coming in, in the morning, are of course carrying people to work, to school. The ones to school have already gotten off, up by the university. Many have gotten off up at the Gold's area, which our major bus stop. So in the morning what you see is probably people coming to work here or people going to the State Office Building. Evening, "fiveish," it kind of goes the other way. I think it's...obviously the most efficient way of running a bus system is a fixed route system. But as to why they're not fuller,... [LB182]

SENATOR FISCHER: I'm at the end of the route. [LB182]

LARRY WORTH: ...like I say, we've increased our ridership by what I indicate here, 20 percent by the handivan, and also 17 percent over the last couple of years. Which I think is any...as Curt and I would both agree, is...if you can increase by 1 or 2 percent, that's a big deal. And 17 percent over the last couple of years is huge. [LB182]

SENATOR FISCHER: I see in your testimony, and it's in the testimony that you handed in, you're looking down the road at possibly \$10.7 million in state money to fund the program? [LB182]

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LARRY WORTH: We're simply...that's simply a compilation of the...if everyone...if Lincoln, Omaha, and the rurals, and the nonmetros were to receive their 50 percent, that's how much it would cost. [LB182]

SENATOR FISCHER: But the 50 percent is based on decisions made at the local level, whether it's in a rural community, or whether it's here in Lincoln on the number of buses that you're running, and the number of handivans that you're running. Is that what that 50 percent is based on, what you currently...what your current needs are based on your decisions that you've made locally? [LB182]

LARRY WORTH: The 50 percent is what's in the act as... [LB182]

SENATOR FISCHER: But what is it based on? Fifty percent is based on what? What your current budget is? [LB182]

LARRY WORTH: Oh, sure. Yes. [LB182]

SENATOR FISCHER: Okay, thank you. [LB182]

LARRY WORTH: Absolutely. [LB182]

SENATOR FISCHER: Any other questions? I see none. Thank you very much. [LB182]

LARRY WORTH: You bet. Thanks for the opportunity. [LB182]

SENATOR FISCHER: Thank you, Mr. Worth. Any other proponents, please. Welcome. [LB182]

SUSAN EPPS: Thank you. Good afternoon, madam Chairman and committee. My name is Susan Epps, that's E-p-p-s and I'm here, I think I'm wearing about four hats. First, I chair the StarTran Advisory Board. Second, I administratively oversee Lincoln's Community Medical Transportation Program, which is operated out of Madonna Rehabilitation Hospital. I am also a taxpayer and a voter, and LB182 is very important to me. Because my comments are very similar to Mr. Worth's, I just want to paraphrase. With the local usage up and the stress on our local dollars more and more, it's critical that we look at every option to maintain the services that are desperately needed. And that's why I am in favor of this bill that looks at recommending changes to the current system. One of the things I want to mention is that I helped open a specialized assisted living unit for young adults who, with significant physical disabilities, were cognitively as you or I and wanting to live in the community versus a nursing home. And these are people from 18 to 56. And the older I get, the younger the older that definition becomes, or the older that definition becomes. These primarily are individuals who have come to

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Lincoln from rural areas, not because of transportation limitations in those rural areas, but because of healthcare resources, such as in-home providers, also job opportunities and education opportunities. So in a sense our public transportation in Lincoln is serving a very diverse population of Nebraska as people come to the larger areas to get everything they need. If they stay in a small community in central Nebraska, it's likely they'll be in a nursing home. And someone at 35 years of age does not want to plan on living their next 45 to 50 years in a nursing home. And so they're coming into a community that can support their healthcare needs, but using the para-transit on a daily basis. And I just had to add that. But I am more than welcome to answer any questions. [LB182]

SENATOR FISCHER: Thank you, Ms. Epps. Any questions? I see none. [LB182]

SUSAN EPPS: Thank you. [LB182]

SENATOR FISCHER: Thank you for being here today. Are there other proponents? I'm sorry. We need to see a show of hands on how many more to testify on this bill, please? One, two, three, three more, four more? Okay. Thank you. Welcome. [LB182]

KIT BOESCH: (Exhibit 4) Thank you, Madam Chairman, members of the Transportation and Telecommunications Committee. My name is Kit Boesch and I'm the human services administrator for Lincoln Lancaster County. [LB182]

SENATOR FISCHER: Could you spell your last name, please. [LB182]

KIT BOESCH: Last name is spelled B-o-e-s-c-h. The first thing I'll say is I am not an expert in transportation and telecommunications. But I am aware that this bill could mean an increase in funding for the city of Lincoln, which in turn could help our ridership. I also cannot speak for other cities and other communities in Nebraska. But in Lincoln public transportation is not a convenience, in Lincoln it is a necessity for hundreds of people every day. Many of us travel. And if you're like me, you've been to places like D.C., and Chicago, and Portland, where transportation, public transportation is how people commute every day, they commute to work, they commute to school, they go to recreational activities and different events. But not in Lincoln. Basically, in Lincoln you ride the bus when you're poor. You ride it when you have no money and you have no other options. If you or I want to go to a doctor, or want to go shopping, or we want to go over to friends, or frankly when we came to work today most of us got in our car and got here. If we need to go to a pharmacy, or a dentist appointment, we just get in our car. But there are people, many people in Lincoln who don't own cars and who can't do that, and they rely on public transportation as well. They rely on a city bus to get their kids to school. They rely on a city bus to get their kids to child care. They rely on a city bus to get to and from work. The last time I had the privilege of being here, I compared the challenge of balancing a budget and working hard to represent people

of the state like a great big, giant puzzle. At this moment in other committee rooms there are people working hard on that puzzle. There's issues on welfare, there's high cost of healthcare, there's people using emergency rooms, there's the ultimate high cost of our state if children don't attend school and graduate, and yet the area I know very little about, transportation and telecommunications, is a really key part of that puzzle. If we expect people to hold jobs, to get to appropriate healthcare, to get their children to school, then we have to recognize that transportation, public transportation, for many, is a real necessity of life. It's my understanding that the city of Lincoln has been more than a good partner. Of the \$9 million, as Mr. Worth said, our city taxpayers put in \$6 million of it. It's my understanding that this Transportation Act would allow us to receive as much as \$3 million in assistance, and we're just asking the state to be a good partner, not because the law says so, but because collectively we have an obligation to continue to assist low-income people and persons with disabilities in getting jobs, in getting healthcare, and in getting the education that they deserve. Mr. Worth quoted the statistics of our increase. I won't repeat them. But in Lincoln we do have something called the Ride for Five. The Ride for Five is a low-income transportation program. And since that low-income transportation program began we have increased ridership 1,500 riders a month. Now I think it's important that we do everything possible to continue to provide a public transportation system that is a necessity for some people, not simply a convenience. I thank you very much. [LB182]

SENATOR FISCHER: Thank you, Ms. Boesch. Are there any questions? Senator Hudkins. [LB182]

SENATOR HUDKINS: Kit, thank you for coming today. It's nice to see you. Can you explain a little bit more what the Ride for Five Program is? [LB182]

KIT BOESCH: Sure, I'd be glad to. One of the reasons people like Senator Fischer were asking questions many years ago, several years ago, was because it did not appear that there were a lot of people riding our bus. And when we took a look at the cost, the cost was prohibitive. As I said, the people who ride our bus systems are poor. They're not people who have one and two jobs, they're people who can't afford to have jobs. [LB182]

SENATOR HUDKINS: If I may interrupt you, what is the price for a ride on the bus? [LB182]

KIT BOESCH: It is the Ride for Five, so it's \$5 for the month. Now that is not for the handivan. The handivan then, according to federal law I'm told, must be double, so the handivan cost is \$10. And you have to be income eligible. In other words, you have to prove that you're low-income. You can't just walk in and say that. So you bring proof of income that you match the poverty levels. Approximately 120 percent of the people who are riding those buses are...I'm sorry. Of the people who ride those buses, they are

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living at approximately 120 percent below poverty. [LB182]

SENATOR HUDKINS: And what is that figure? [LB182]

KIT BOESCH: I knew you'd ask me that. The new poverty statistics have been out about a month, and I don't have them in my head. But I can send them to you. [LB182]

SENATOR HUDKINS: Okay, thank you. So this is a flat \$5 a month, if you're low-income? [LB182]

KIT BOESCH: Correct. [LB182]

SENATOR HUDKINS: And if you need the handivan, then it's \$10 a month? [LB182]

KIT BOESCH: Correct. [LB182]

SENATOR HUDKINS: You said something very early on that in Lincoln public transportation is not a convenience, it's a necessity for hundreds of people. And I agree with that. Would you also agree that for people in the rural areas that transportation is also a necessity? [LB182]

KIT BOESCH: Absolutely. [LB182]

SENATOR HUDKINS: Thank you. [LB182]

SENATOR FISCHER: Other questions? I have a question for you. Is your support, and I should have asked the other testifiers that were up here, is your support for the green copy, or the amendment that Senator Kruse brought, or just for more money? [LB182]

KIT BOESCH: Well, like I said, I'm not an expert on the transportation and telecommunications bills. I've been told that in support of testimony, testimony for LB182, it will provide additional dollars to the city of Lincoln, which would increase our ability to have higher ridership in the community. So that's where I would come from. [LB182]

SENATOR FISCHER: Okay, thank you, thank you. Other questions? I see none. Oh, Senator Hudkins. [LB182]

SENATOR HUDKINS: I thought of another one, Kit. If you're not using the low-income programs, I wanted to go out and go from here to someplace else in town, what's it going to cost me? [LB182]

KIT BOESCH: I will defer to Mr. Worth? [LB182]

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LARRY WORTH: A dollar and a quarter. [LB182]

KIT BOESCH: \$1.25 a ride. [LB182]

SENATOR HUDKINS: \$1.25 per trip? All right, thank you. [LB182]

SENATOR FISCHER: Thank you very much. Next proponent, please. Good afternoon. [LB182]

MIKE DeKALB: Good afternoon. [LB182]

SENATOR FISCHER: You might also state if you're speaking to the green copy, or the amendment. [LB182]

MIKE DeKALB: I'm like Kit. I have some information; and I'm not an expert. I would speak in support, generally. [LB182]

SENATOR FISCHER: Okay, thank you. Go right ahead. [LB182]

MIKE DeKALB: Whichever copy you guys come up with. My name is Mike DeKalb, D-e-K-a-l-b. And I come to speak to you as a bus rider, a long-term bus rider. I've been riding the Lincoln bus system for over 30 years, back when it was a private company system and back when it was Lincoln Transportation System. Of course, nowadays it's StarTran. And quite frankly, on some of your questions, I've seen buses empty and I've seen them standing room only, not on football game days. So I've kind of seen it all. So speaking as a rider/passenger on the current transit system, I'd like to offer my testimony in support. My understanding that this could provide additional funding for my local transportation system. So that's why I'm here. Quite frankly, over the years I've seen good service cut back to meet budget constraints continually over the years. I'd like to see that at least stabilized, if not improved. I think in urban areas you get, with the higher density population and housing and development, that transit could make a bigger difference and a bigger impact. And to change thoughts a little bit, I think for the average citizen this can also address issues such as energy, and the environment, and greenhouse gases, and traffic congestion, and parking, and all kinds of other issues as well. So to broaden the perspective a little bit, I think there's more that transit does for all of us. I think additional funding could allow potential for better service, better coverage, better headways, better hours of operation, better days of operation, all of which I've seen be reduced or adjusted because of budget constraints. So bottom line is I think transit deserves some level of equity, not just rural and urban, but with streets, and cars, and trucks, and other vehicles that we use. I think it makes a difference to many different kinds of riders and different classes of people. And I would end by saying I would urge you to support a package of legislation to provide this...get us there, whether

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it be green, white, or something in between. [LB182]

SENATOR FISCHER: Thank you very much. [LB182]

MIKE DeKALB: I'd be happy to answer any questions. [LB182]

SENATOR FISCHER: Are there any questions? Thank you very much. Any other proponents? Are there any more proponents to the bill? Are there any opponents to LB182? Please step forward. Good afternoon. [LB182]

LARRY DIX: Good afternoon, Senator Fischer, members of the committee. For the record, my name is Larry Dix. I'm executive director of the Nebraska Association of County Officials and today appearing before you in a position of opposition. Certainly, as you can well imagine, certainly opposition when we first, initially saw the green copy of LB182 because that was a pretty significant loss to our rural transit. Those folks are...we assist funding those through county property tax. And that was a very significant concern. Today, having had the opportunity to look at what Senator Kruse is proposing in the amended language, and if I'm reading it correctly, but from the white sheet that he handed out it appears that the column of all others of which the rural area would fall into, my belief is all others would be rural, plus South Sioux, Papillion, Ralston, LaVista, and Bellevue, as I read that. But certainly I'll be happy to work with Senator Kruse to understand the chart. There appears to be a significant, in '07-08, that appears to be a 10 percent loss of revenue to those areas, as I read that. And certainly I think that is something that we have to call everyone's attention to, because in those rural areas that's a very significant service that is offered across the state. I've got to tell you we support what Senator Kruse is doing from a concept of trying to get more money into the pot. But I think fundamentally that's what we're working with right now is we're working with a fundamental ship, where we're seeing folks from Lancaster and Douglas County, I being a citizen of Lincoln, I know how important the bus system is. I know how important it is in Omaha. My mother lives there, she utilizes that system. There is no question that it is needed in all these areas. But fundamentally, what we have in the bill is we're looking at a shift from one area to another, which is significant. In the county areas it's going to be a property tax increase, there is no other way to slice it. When I look at the amended copy, it appears that it takes it away from the formula, moves it into the Appropriations Committee so that they can make the funding decisions. Now that's a little bit different than what we see in other Highway Trust Fund activity of where we see the money being used and received. Typically, there's a formula for distribution, somewhat to take the politics out of it. The thing that sort of comes to my mind is the Appropriations Committee can giveth and the Appropriations Committee can taketh away. And in any given year, when you're going through this, I believe that the potential for that certainly exists. It's definitely a slippery slope. We want to be able to have the adequate service in the rural areas to provide handivan, handibus service so we can keep folks in their houses longer paying taxes, things like that. On the other hand, we

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need additional funding in the Lincoln and Omaha area. But bottom line is, if we're continually going to move dollars from the left hand to the right hand, we're simply shifting money. Probably the underlying problem is there's not enough money in the pot. And if we could come up to some realization that there's more...we need additional money to properly fund these transit systems, I think we'd all be up here saying, yeah, this is a better way to do it. But isn't it like everything else, it's always about money. As we know in the Legislature we hear it every day. So that's our position on it. And certainly I would be...stand to be corrected if I'm reading the chart wrong. But as I read it, I believe that there would be a loss of money to the rural systems. And certainly from our point of view we have some serious concerns about that. I'd be happy to answer any questions anybody has. [LB182]

SENATOR FISCHER: Thank you, Mr. Dix. Are there questions? Senator Mines. [LB182]

SENATOR MINES: Thank you, Senator. Larry, Lancaster County and Douglas County, are they in support of your position today? [LB182]

LARRY DIX: No. The NACO Board, so that you understand where our position comes from, the NACO Board is made up of 17 members, Lancaster County has a board member on that board, Douglas County has a board member on that board, and then a combination of additional board members from across the state that represent clerks, assessors, treasurers, county board members. [LB182]

SENATOR MINES: No matter how we paint this thing, it's urban versus rural in the funding factor, whether there's enough money or not, that pot...it's how do you split the pot? And right now urban, Omaha-Lincoln feel that they don't get a proportionate share. And urban areas feel that...don't take away our proportionate share. I don't know if there's a solution, I'm just...that's what I see. Is that kind of... [LB182]

LARRY DIX: Well, I see that, too. I think we see it, you know, realistically we see it, we hear more about it on, not only this issue, but we hear it on the gas tax issue. I mean we're hearing it more and more all the time on different issues. Everybody is out there fighting and doing the best they can. And when we start shifting those funds it becomes very, very problematic. I would tell you a 10 percent reduction in some of these funds, I would tell you in some of the rural areas the county boards that are setting out there probably would have to make the decision if they keep the program or not. It's that close. [LB182]

SENATOR MINES: Okay, thank you. [LB182]

SENATOR FISCHER: Other questions? I see none. Thank you, Mr. Dix. Are there other opponents of LB182? Good afternoon. [LB182]

SCOTT BARTELS: Good afternoon. My name is Scott Bartels, B-a-r-t-e-l-s. I am administrator of Saline County Area Transit, and I'm also a board member for Nebraska Association of Transportation Providers. I'd kind of like to start by saying that adversity is a strong motivator. That's kind of why I'm here and still willing to testify, even though only about an hour, an hour and a half ago I was handed the amendment of LB182, so I'm kind of going to look a little disorganized here perhaps, but I still felt it was important for me to testify and to give some opinions on what LB182 would do. Saline County Area Transit is a small rural transit system that started in '74 with a single van and minimum service to six county communities. Over the 33 years the fleet has been expanded to five, including two ADA wheelchair accessible vehicles. We now serve all eight towns within the county, providing routes to out of county sites, including Lincoln, Beatrice, Fairbury, York, and Geneva. Last year we traveled over 100,000 miles, providing nearly 6,600 boardings. The greatest portion of these trips are not frivolous, they are for medical needs, especially important for dialysis patients who travel three days a week, as well as elderly and disabled citizens who otherwise have no transportation available to them. Others travel, of course, for business and personal needs, such as visiting accountants, lawyers, banking, post office, grocery and clothing shopping, and simply for social benefit. I'd like to point out that Senator Hudkins earlier asked a few questions concerning costs for providing transportation literally as opposed to versus urban areas. A typical round trip for Saline County Area Transit to Lincoln is going to cover any where from 160 to 220 miles in a single day. Okay? We are a demand response system. We don't have the fixed route. What that does is makes us more efficient, because out of the eight towns that we serve, if I don't have a call from someone in Dorchester, or Friend, or DeWitt, that is asking for service that day, then I don't need to spend my labor hours, or my gas money, or my maintenance expenses to travel to those areas. While there is strong support for local funding from the citizens, it behooves the state to recognize that by making transportation available to rural Nebraska we're enabling elderly and disabled citizens to remain in their homes, thus reducing budgetary stress on other agencies, such as Health and Human Services and Medicaid. Much of what I prepared earlier, I'm going to skip over because it concerned the cuts that we had been facing prior to the amendment. One of the points that I think I still need to make would be in regard to rural transportation concerns with the shift in who is responsible for deciding how this pot of money is going to be dispersed. I think one of the obvious concerns that we would have with the Appropriations Committee would be the balance of representation, in other words, how many of the senators would be from the Lincoln-Omaha areas, what we are referring to today as urban areas, as opposed to those from rural Nebraska? One other thing I'd like to comment on, as Senator Kruse earlier mentioned, I don't 100 percent agree with Senator Mines in that this is a rural versus urban scenario. I think all the good citizens of Nebraska are deserving of some basic transportation services. And I believe that through working with Curt, and Larry, with NATP, that we all have the citizens best interests in mind. And so, I believe, that's about all I have time to (inaudible), so I'll just wrap it up with, are there any questions? [LB182]

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SENATOR STUTHMAN: Thank you for your testimony. Are there any questions from the committee? Seeing none, thank you. [LB182]

SCOTT BARTELS: Thank you for your time. [LB182]

SENATOR STUTHMAN: Are there any other opponents for this bill? Good afternoon. [LB182]

CAROL MAXSON: Good afternoon. My name is Carol Maxson. [LB182]

SENATOR STUTHMAN: Ma'am, have you got a form? [LB182]

CAROL MAXSON: Oh, yes, I do. [LB182]

SENATOR STUTHMAN: Will you please give it to the page. [LB182]

CAROL MAXSON: Thank you. Anyway, to continue, my name is Carol Maxson, M-a-x-s-o-n, spelled with a C, Carol. I'm transportation director for the city of Ogallala and I'm also president of the Nebraska Association of Transportation Providers. And I also was a little surprised with the amendment that was presented to us this morning and so I'm not totally prepared with a written statement because that's all new to me. But I would like to say that I'm really not sure where I'm standing. I agree with Senator Kruse that we all need to be talking about transportation needs in Nebraska. And I'm glad to see that transportation is getting a little attention from elected officials, because sometimes we feel like we're kind of out there alone. In Ogallala we have seen an increase in the last ten years of 135 percent in ridership, and 200 percent in operation costs. One fallacy that I think needs to be discussed is that we're not just for the elderly and the handicapped, that we received a directive, in 1991, from the Nebraska Department of Roads that we needed to be public transportation, that we were in jeopardy of losing our federal funds if we were not public transportation. Therefore my transportation system provides transportation for the entire community, everyone from 4 year olds to 90 year olds. And that is probably the reason why we have seen such a huge increase. I would say that probably 50 percent of my transportation is for school children or preschool children. And we do also need a plan that looks into the future. There are systems that would like to start up but cannot receive funding. There was a system in Ainsworth that tried to startup last year, and the funds had already been distributed, and so there was no funding left for a new start system. We need to see funding that is stable, that we can depend on, that doesn't fluctuate year-by-year as it frequently has, that of course meets all of our needs, and that includes urban needs as well as rural needs. With that, I will conclude and thank you for the opportunity to speak to you. And if you have questions, I'd like to answer them. [LB182]

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SENATOR STUTHMAN: Okay, thank you, Carol. First of all, I would ask of you, that you have submitted a letter to be entered into the record. [LB182]

CAROL MAXSON: Yes. [LB182]

SENATOR STUTHMAN: But you would just as soon have your verbal testimony entered in also? [LB182]

CAROL MAXSON: No, I think I would also like that to be read into the record. [LB182]

SENATOR STUTHMAN: Both of them. Oh, okay, okay, thank you. Are there any questions of the committee? Senator Hudkins. [LB182]

SENATOR HUDKINS: Thank you. Carol, my name is Carol, too. What does it cost if you have a person in the city that wants to go to Grandma's house, for example, or someone, their car is broken down and they have to get a taxi to go someplace else? What does that cost them to ride? [LB182]

CAROL MAXSON: Each passenger we pick up costs us \$5.25. [LB182]

SENATOR HUDKINS: And what do your passengers pay? [LB182]

CAROL MAXSON: One dollar. [LB182]

SENATOR HUDKINS: Thank you. [LB182]

SENATOR STUTHMAN: Okay, are there any other questions from the committee? I want to thank you for your testimony. [LB182]

CAROL MAXSON: Thank you. [LB182]

SENATOR STUTHMAN: (Exhibits 5-12) Are there any other testifiers in opposition? At this time I would like to read into the record, we have opposition letters from Georgia Janssen, executive director of Nebraska Association of Transportation Providers from Winside, Nebraska; Jane Cronk, manager of Fillmore County Rural Transit Service; and then Carol Maxson, transportation director of the city of Ogallala and president of the Nebraska Association of Transportation Providers; city of Crawford Public Transportation System; Clare Schmidt, registered nurse manger, Adult Day Care Center, Grand Island, Nebraska; a petition from Jess Valdez, Grand Island, Nebraska with 35 signatures; and a letter from the village of Guide Rock, Guide Rock Public Transit, signed by Charles Ohmstede, village board chairman, Cynthia Sanders, village clerk/transit manager, and Rosemarie Edgar, transit driver, and also signed by 140 concerned citizens, customers and meal participants; also from Jeff Rumery, transit

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director, Community Partnership of Mid-Nebraska, Kearney. At this time is there anyone that wants to testify in the neutral capacity? With that, Senator Kruse, would you like to close? [LB182]

SENATOR KRUSE: Thank you, Senator. Again, I really appreciate those who have come to testify today. And I say flatly, I hope, accepted in good spirit, that I consider those who testified in opposition to be testifying for this bill because I agree totally with everything that was said here. I didn't find anything that was in opposition to the position that we are taking. First, to speak to that for some that may have come in later, and Senator Hudkins was not able to be here earlier. Senator, a lot of your questions will be answered with the handout that goes this way and the last three lines on that side. And I stated in there, but I think it's just important to state again, that the urbans have been fighting for the balance of those funds. And you'll see in the two right-hand columns that it was well out of balance up there in '04-05, that's when the Appropriations Committee came in and said, we got a problem. And so we're trying to get it back into balance between the urban and rural, seeing that as kind of a balance of population and so on. But again, what we really want to do is establish a conversation among all these people and see if we can come up with something that will work for the future. One thing I neglected to say in opening is that we're only talking about operation costs. The feds, it's not an unfunded mandate when the fed said we have to provide this service. The feds provide the help on purchasing buses and vans, and that's where some of the earmarks come from, Madam Chair. In fact, most of those earmarks are in terms of providing a bus system, but also there are federal funds at all times for purchasing an accessible vehicle. So that's where that comes from. In terms of the state, we are only doing operating costs. And we have limited ourselves in the statute to 50 percent of the operating costs. And it's not a healthy operating cost. There's a formula that's listed there in the statute, and says what they can count, and what they can't could, and what they have to deduct, and you know like fares and that type of a thing. Another thing I should have said in the beginning, I hinted at it, but we are out of compliance with our own statute now, that's what's bothering...greatly bothering the Appropriations Committee, we are out of compliance. For instance, if a handivan runs in Wahoo, we pay. If it runs in Lincoln, we don't pay. And that is the...the statute gives no allowance for a differential proportion to various kinds of systems, it's to be paid out evenly. We are proposing in this that we could handle handivans differently than buses. And that's my dream in the middle of the night, I woke and wrote it down so I could remember it, being old enough that I could forget something. The expenses of these buses has just gone through the roof in recent years and would swamp the whole system, and that's the problem. And again, we don't want to swamp the system, we want to keep it balanced. And we really, I just underline we've got to have these rural services, we've got to have them, that's why we got to make it work. But we also have to deal with this huge cost that's coming up. Now in terms of these directors in Omaha and Lincoln, also I need to pass on what they kind of hinted at, but they kind of told me loud and clear, please be stable. We have to apply for tax levy funds and we can't do that in a month or two. And

so in one of the systems we gave them \$200,000 one year, \$1 million the next year, and now we're talking about \$300,000 for the following year, and they can't operate that way. So that's another part of the reason for getting to be stable. Another part of the system that just isn't working is Ainsworth. And again, this was brought to me by the Omaha director said, how come Ainsworth can't get into the system? Well, because they're new, and we're already out of funds. Well, that's not right. If the people at Ainsworth want to provide this kind of service, they should be worked into the system. And so again to fail to do that is out of compliance. We need more dollars in the pot. I'm saying to all of us who are senators, we're going to have to stick together to make that happen. If we don't make that happen in the budget that's coming forth, we're all going to be in real trouble. Also the reality is that this comes out of gas tax, the way that Appropriations worked it for this current year it does not come out of road construction. We've said that on the floor, we need to say it real loud and clear, it comes out of those buildings, those salt sheds and stuff along the road, that's where this money for this year have come out of. It is not pushing road construction. However, if we set up a cap on gas tax, then everybody is going to be out there competing. And what the system needs is about a half a cent. I've been told that if our gas prices were to vary by a half of a cent once in awhile during the year, that the public would be in an uproar. So I leave that there for a little bit of humor overnight. I think we should consider having this taken out of the Roads Trust Fund. But I wouldn't want to do that without a broad consensus from this committee, because Roads Trust Fund is both urban and rural and has questions that go with it. It seems to me, and it's just my personal opinion, I'm not speaking for the other committee, it seems to me that if we can get some extra funds in there, then this would be a time to put that in and stabilize the thing. But if we can't, of course, we can't. Somebody was asking in the opposition, you know, when will the rurals get paid? And again, I'd remind you, that by the proposal that the Appropriations Committee is going at, that would be...it was 75 percent last year, we want 80 percent next year, 90 percent the following year, and hopefully 100 percent the year following. So that's for the rurals. And the urbans would probably never get past about 12 percent. Now if that isn't enough confusing figures and so on to be thrown at you, why ask me for more. [LB182]

SENATOR FISCHER: Thank you, Senator Kruse. Any questions? I see none. Thank you very much. [LB182]

SENATOR KRUSE: I really appreciate, you've been good in attendance on a complex issue. And it's not the usual way we go at a bill. Thank you. [LB182]

SENATOR FISCHER: Thank you very much. With that, we will close the hearing on LB182. And I will open the hearing on LB439. Senator Raikes is here to introduce the bill. Welcome to the Transportation and Telecommunications Committee. [LB182 LB439]

SENATOR RAIKES: (Exhibit 1) Thank you, Senator Fischer. Members of the committee, Ron Raikes here to introduce LB439. I represent District 25, the "Prevailing District," which would be in contrast to District 30, the "veto Proof District," and District 33, the "Cloture"...maybe that's enough. LB439 proposes the creation of the Highway Finance Task Force. Let me tell you why I think this effort is necessary. As far as government services go, there may be none that is used as widely on a day-to-day basis as a road system. I shouldn't probably need to tell you that. Given that it is critical that we have an adequate source of funding to build and maintain streets and highways. In Nebraska the primary source of state and local road funding is the Highway Trust Fund. But while the Highway Trust Fund has served us well for more than three decades, it is becoming ever more apparent that the mechanism as it is currently structured will not be able to keep pace with increasing demands for road funding. The reason lies in the fact that the Highway Trust Fund revenue sources are stagnating. A portion of that stagnation is attributable to the increase in the number of fuel-efficient vehicles. A look at the makeup of the Highway Trust Fund indicates why. Receipts for that fund are derived from three primary sources: fuel taxes, sales tax on motor vehicles, and motor vehicle registration fees. Greater use of fuel-efficient vehicles impact two of these three sources. Fuel tax receipts are affected because, as their name implies, fuel-efficient cars use less gas, that means fewer gallons purchased and less revenue for the Highway Trust Fund. Meanwhile, fuel-efficient vehicles also have a substantial impact on sales tax collections because they cost significantly less than their sport utility counterparts, in fact that difference in state sales tax revenue between the purchase of a \$20,000 car and a \$45,000 SUV is \$1,375. When you consider these two sources combined to account for 86 percent of the Highway Trust Fund revenue in fiscal year 2006, it's easy to understand the implications this could have on road funding in Nebraska. Even without the trend toward fuel-efficient vehicles, the Highway Trust Fund might still have a hard time keeping pace with future demands. First, it should be noted that our road demands continue to grow. Not only do we need more roads in some parts of the state, but the cost the materials necessary to build those roads is also on the rise due to increased demand globally. Second, if you think about the major sources of revenue for the Highway Trust Fund, you'll notice that each is related to the number of drivers we have in our state, we have a pay-as-you-go system, I was kind of proud of that. According to U.S. Census Bureau projections, Nebraska's population, age 15 to 54, is expected to decline by more than 90,000 by 2030. As the number of drivers declines, the ability to generate revenue will become increasingly diminished. However, it's not likely that a decrease in the number of drivers will bring about a corresponding reduction in road costs. Under the current funding approach, the drop-off in Highway Trust Fund revenue has and will continue to have an impact at the pump. That's because the current funding structure uses the variable fuel tax as the mechanism to balance the difference between receipts and appropriations. In other words, as road funding demands continue to grow without a corresponding growth in resources, ever increasing pressure will be placed on the fuel tax to make up the difference. This phenomenon has already led the fuel tax to increase from 24.6 cents per gallon in

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January of 2003 to a current rate of 27.1 cents. This also caused fuel tax receipts to account for a greater proportion of the total Highway Trust Fund revenue each fiscal year since 2003; increasing from 57.78 percent to a projected 61.61 percent this year. Nebraska's current fuel tax already stands as the eighth highest in the nation. If we maintain the status quo of rising costs, stagnating revenue sources, and reliance on the fuel tax to cover the difference, this number will continue to climb. Such an outcome will further reinforce the trend toward fuel-efficient vehicles, thus perpetuating the cycle and creating ever-growing pressure on the fuel tax. I've prepared a handout which I hope you have that I hope helps put this situation in perspective. The first page shows the past five years worth of data regarding the sources of revenue for the Highway Trust Fund. As you can see, fuel taxes account for a growing majority of the Highway Trust revenue. Using the 2007 projections as a base, I calculated how high our gas tax might climb if this trend continues. The second page of the handout shows what our Highway Trust Fund needs would be each year, through 2030, assuming a 2 percent annual growth. If you'll recall from the first page, 61.6 percent of those needs are funded by the fuel tax. As a result, you can see in the second column how much the state would have to generate in fuel taxes just to maintain that proportion of total Highway Trust Funds. And again, as you can see, for 2007 we will need to sell approximately 1.17 billion gallons of fuel at the current fuel tax rate of 27.1 cent per gallon to generate the 61.6 percent of Highway Trust needs, or roughly \$318 million. The third column then answers how many gallons will need to be sold each year to maintain the current rate of 27.1 cents. Again, this projection assumes 2 percent growth in total needs. So if the proportion of the fuel tax and the fuel tax rate are held constant, then you'll need a 2 percent growth in the number of gallons sold to keep pace. However, given the recent trend toward less gas consumption, that amount of annual growth in fuel sales seems unlikely. Hence, in the fourth column I calculated what the fuel tax would need to be to generate the requisite 61.6 percent of Highway Trust needs growing at 2 percent with the number of gallons sold held constant. Under that scenario, the fuel tax would climb to 42.7 cents per gallon by the year 2030. And remember, that's assuming the fuel tax won't need to account for a growing annual share of the total Highway Trust revenue, which is not consistent with the current trend. That said, the third and fourth pages show what the result might be if the proportion of Highway Trust resources accounted for by fuel tax continues to grow. Right now the proportion accounted for by gas tax is growing by about 1 percentage point each year. If we continue to see that kind of growth, which essentially assumes that the other sources of revenue continue to stagnate, then we might expect a per gallon gas tax of 58 cents by the year 2030, assuming our fuel sales hover at their present level. This scenario is spelled out on page three. By comparison, the fourth page models what the rules might look like assuming various rates of annual change in each of the Highway Trust Fund sources. I tried to select rates that to me seemed realistic based on the current circumstances. As you can see, if each of the variables that contributes to the Highway Trust revenues grows at the rate specified, our fuel tax would climb to 53.4 cents by 2030 if our gasoline consumption holds constant, and to 42.5 cents a gallon if the amount of gallons sold grows annually at 1 percent,

which again is certainly questionable. Senator Fischer brought it to my attention that this issue received consideration as part of Governor Johanns Transportation Task Force that was conducted in 2003. I have a copy of that some place here. It is clear that the people involved in that study recognized these concerns. In fact, they offered several suggestions to try to increase the amount of revenue in the Highway Trust Fund. But despite their good work, the problems that confronted us in 2003 remain, and in fact have worsened. It's clear that we are still searching for a solution. This bill affords us another round of thinking to try to find a solution. I'll point out that this study isn't limited to issues regarding the Highway Trust Fund revenue, it also considers how that revenue, once it reaches the Highway Trust Fund, should be divided, an always easy question. As you are all aware, the Highway Allocation Fund has been a source of contention in recent years. Our largest cities have had a difficult time finding the revenue to build and maintain streets. This, to me, begs the question as to whether the factors and weightings used to divide the money between cities are appropriate. In fact, it makes good sense to consider every step of the distribution of Highway Trust Fund revenue. Is the percentage split between state and local sources appropriate? Is the 50-50 division of highway allocation funds between cities and counties the right percentage? Should the factors and weightings for dividing the money between counties be reconsidered? These are all questions that would be examined in the scope of the study. Along with that, the study could also consider what I feel is the only way to truly address the problem--innovation. What we can do in the way of ideas to change the way we go about our transportation...what can we do, I should say, in the way of new ideas to change the way we go about our transportation system in an effort to make our limited dollars go farther? Let me just add that I think you'll hear people that want to focus entirely on, how do we get more money to go into the Highway Trust Fund? I don't think that cuts it. I don't think we can just focus on more money. We're also going to have to focus on using the money more wisely or figuring out ways to cut costs. I don't know exactly what that is, if I did, I assure you, I would tell you. But I think there are going to have to be both approaches taken. With that, I'll stop. [LB439]

SENATOR FISCHER: Thank you, Senator Raikes. Are there any questions? Senator Stuthman. [LB439]

SENATOR STUTHMAN: Thank you, Senator Fischer. Senator Raikes, thank you for your testimony, first of all. One question that I have, you know, in your opening comments, you know, you're creating the task force. You know, members of the Legislature, Department of Roads, cities, counties, Highway Commission, road construction, and two members at large. Is it your intent to have two members from each one of these on, or is it going to be weighted towards one to have three members, or what is your intent? There are seven...there are fifteen people intended to be on this task force. There are seven including the member at large, but they would have two, so that would be eight. Is it your intent to have two from each one of them? Two from the Legislature... [LB439]

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SENATOR RAIKES: I would be more than willing to consider restructuring of the committee membership. I'm really most interested in good answers and to the questions being raised. And whatever the committee thinks is an appropriate way to structure the committee to increase the likelihood of good recommendations I would endorse. [LB439]

SENATOR STUTHMAN: Okay, thank you. [LB439]

SENATOR FISCHER: Other questions? Senator Mines. [LB439]

SENATOR MINES: Thank you, Senator Fischer. Senator Raikes, the transportation study that was conducted in 2002-2003, as I recall that was more focused on needs and wants. And I don't know how much time or effort was given to the Trust Fund resources and how those are developed and ultimately allocated. I like this idea and I like the idea of approaching this from a practical standpoint. I also believe that your numbers are probably very conservative, given you, as your history anyway, I don't know that a two percent increase in the projected needs spending is even close to what that might be. And I think this deserves a lot more attention. And just a statement, I like what you're doing here and thanks for bringing it to us. [LB439]

SENATOR RAIKES: Well, I would just suggest to you we have a division in the Education Office, Formula's R Us, and that is championed by Kris Valentin, he has the Highway Trust formula in the computer. And you know, community colleges, state aid to schools, whatever you need we...but I do think you're right. I think that these numbers are very conservative. And it's a little bit troubling, I mean the Highway Trust Fund has, I think, served the state very well for a number of years. And it would be nice to think that we can go on just the way we are, but I don't think we can. And even from 2004 to present, I mean we've had a huge increase in gas prices with very little indication that they're going to recede, and then there is the China factor. The China factor, I think, affects us two ways: one in the demand for all the raw materials that go into road building--cement, steel, whatever else is involved; and the other thing is that as that country develops, their consumption of fuel is going to approach ours, which is tremendously higher than what theirs is. So I think that takes away much chance at all that we're going to see a return to the situation we had in 2003 and before. [LB439]

SENATOR MINES: But is it true that, in your experience, that road...spending on transportation has been weighted to our needs and wants as opposed to the formula for funding those needs and wants? I haven't seen a real hard look at what you're proposing. I mean, this...or have you seen it before? [LB439]

SENATOR RAIKES: Well, the way the mechanism works, as you know, the Appropriations Committee approves a budget for the, you know, and as pointed out, the

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gas tax makes up the difference. I think the critical thing is that you could, up to now, you could come up with a reasonable proposal for maintenance and construction of roads, and you could approve such a budget, and then expect, with success, that the gas tax would fund that without a totally unreasonable gas tax. Some would argue that eighth highest is high enough. But, you know, what I'm...what the difference I see now is that's no longer going to be the case. [LB439]

SENATOR MINES: All right, all right, thanks. [LB439]

SENATOR FISCHER: Other questions? Senator Louden. [LB439]

SENATOR LOUDEN: Yes, thank you, Senator Fischer. Boy, Senator Raikes, the saying goes, you're all full of numbers here. As I look at this thing... [LB439]

SENATOR RAIKES: (Laugh) Well, that's better than some of the things you could have said. (Laughter) [LB439]

SENATOR LOUDEN: I thought I would be liberal. As I look at this, as you talk about the gas tax, you know of course it's our highest, as you said, whatever it is in the nation. Although our gas isn't that much higher priced per gallon than if you go into Colorado, or Wyoming or some place. I mean there might be 10 cents a gallon difference, but we have a higher tax rate, evidently, than they do. But some place along the line somebody is making some more money in there. And then with this amount of billions, you might say, or millions involved, and what I've always wondered is we have this resource here, and are we using that resource for the best possible use for the state of Nebraska? Are we using this resource to improve the economic development and the commerce in all of the state of Nebraska, or are we using it to make more concrete around the populated area so everybody can get to work 15 minutes sooner? Because that's some high dollar construction when you start building inside of these cities. So this is...I've always wondered, are we using this resource correctly? And do you intend to have this task force look into that, or do you just have them look into ways of sustaining what we've been doing? [LB439]

SENATOR RAIKES: Well, I would agree with you, I think we're spending way too much in District 49 as compared to District 25. (Laughter) I think that has to be looked at, quite frankly. It's never easy, it's never easy. But I know it has to be looked at. And as I said, I don't think the answer can involve just more revenue so that everybody gets what they want and the usual hold harmless types of provisions in terms of road funding. I wish I could say that I think that's possible, but I really don't. [LB439]

SENATOR LOUDEN: Well, it isn't so much more revenue, because like I stated before, for that two miles of expressway in Omaha we could have built a freeway clear across western Nebraska, clear across the thing, and probably had people coming from

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Colorado to Canada on their way through. And this is what I'm talking about, should we use some of these resources to develop the economies of the whole state? And do you intend to have the task force go that way, or are they going to be thinking about putting on a wheel tax or something like that? [LB439]

SENATOR RAIKES: Well, revenue, I wouldn't confine them on revenue sources. The question you raise, I think is, and you know the mechanism much better than I, I think is a Highway Commission question. That is a group that is focused on the issue of what makes sense in terms of the 5-year plan, and the 20-year plan, or whatever they have. And presumably they take into account the issues you're raising--the traffic loads, the potential for economic development and all those kinds of things. So... [LB439]

SENATOR LOUDEN: Well, other than the last meeting, maybe it was next to last, but the Highway Commission, one of their meetings not too far back was the first time I'd heard them talk about using some of these resources for development, you know, for economic development. Because up until now, your state engineers and some of those have went on a traffic count basis. I mean roads got built if they had the traffic count, zero, no other criteria used. And of course, if you don't build a road, you'll never have any traffic through there. That's the reason we keep building the concrete around the towns, because I mean you were no doubt around here when Interstate 80 was put through. And I can remember the city of Lincoln, that's the reason it's, what, five miles out there north because the city of Lincoln didn't want that nasty thing going through their town, the city of Omaha did. So consequently now we're building towards the Interstate and we're building, I guess, expressways or whatever you call Cornhusker or Superior Street and some of them. But we're building those in order to connect the Interstate with the rest of the towns. And this is where I'm wondering if our resources were well spent and if this was thought clearly? And if you're going to have a task force, this is what I'd like to see them look into is how we're going to use the limited resources that one and three-quarter million people the state of Nebraska have? [LB439]

SENATOR RAIKES: Yeah, I don't know how to address that. I'd certainly go along with whatever the committee recommended. I would say that, you know, maybe one way to address the issues you're raising is to stick with the formula we have now and the procedure we have now. That way there wouldn't be any money to build any new roads anywhere or even to maintain the existing roads. So that is my main focus. Now the decisions about when you do have funds available where you allocate them is obviously a very important question, but probably the next step beyond what I'm suggesting here. [LB439]

SENATOR LOUDEN: Okay, thank you. [LB439]

SENATOR FISCHER: Any other questions? I have a couple. A comment you just made to Senator Louden, you said, if we stick with the formula we have now, we won't be able

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to maintain or build anything. I disagree with that. Did I quote you correctly? [LB439]

SENATOR RAIKES: Um-hum. [LB439]

SENATOR FISCHER: Why don't you believe with the formula we have now we won't be able to build or maintain? I think with the formula we have now we certainly can build or maintain, as long as we get more money into it. [LB439]

SENATOR RAIKES: Well, all right, fair enough. What I'm suggesting is that the gas tax rates that would be implied by any reasonable projections of the amount of needs and the growth in gallons consumed and that sort of thing make it problematic that the public would be willing to do it. [LB439]

SENATOR FISCHER: Senator Louden also made a comment about gas prices. And I think he was right on target when he made it, although, by your quote, you said Nebraska ranks eighth in our gas tax. Yet, I don't have my numbers here, we're lower than eighth in the price of gas, though. And in comparison to our neighbors, we're not extremely high. In fact, we're lower than some. How do you account for that? That we have a higher gas tax in this state, but yet the price of gasoline isn't that high compared to other states? [LB439]

SENATOR RAIKES: I think there could be a number of factors. Certainly, whatever is involved in transporting fuel to retail locations could make a difference. If you've got, you know, if you happen to be situated away from the pipelines that transport it, that would be a factor. And then certainly the competitive environment can be a factor, if you've got retail outlets that are highly competitive squeezing margins versus maybe in some other states they don't. I certainly don't have any definitive information I could give you on that. But those would be a couple of reasons you might see that. I would suggest to you that in a long, long run view that probably those kinds of things are going to work themselves out between states. And if we do in fact have a higher gas than anybody else, we'll probably have higher gas prices. [LB439]

SENATOR FISCHER: Okay. Thank you. I appreciate you bringing this. You must have solved the problem with the state aid formula for schools, K-12 education, now that you're taking on this challenge. [LB439]

SENATOR RAIKES: Formulas R Us, as I say. Whatever, I just can't resist. [LB439]

SENATOR FISCHER: I'm anxiously awaiting on what the school formula is going to hold for us this year then. Thank you, Senator. [LB439]

SENATOR RAIKES: Well, I am going to have to excuse myself rather than close, and I hate to do that, because I'm told that there's going to be some people testify that have

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testified before on bills I've introduced, but never as proponents. [LB439]

SENATOR FISCHER: We'll keep track for you. Thank you, Senator Raikes. [LB439]

SENATOR RAIKES: Thank you. [LB439]

SENATOR FISCHER: Could I see a show of hands of how many people plan to testify on this bill? I see four. Okay, thank you. Good afternoon. [LB439]

CURT BECK: Good afternoon, Chairman Fischer and members of the committee. [LB439]

SENATOR FISCHER: And we are on the timer system. [LB439]

CURT BECK: Thank you. My name is Curt Beck, C-u-r-t B-e-c-k. I am the executive director of the Associated General Contractors of Nebraska. I am testifying today in support of LB439. This is a large task force. It seems that a smaller group may be more effective. From the industry perspective, we support...we strongly support the inquiry into this very important topic. This bill proposes that the task force examine several key areas related to our road system. The first issue, that was very well outlined by Senator Raikes, is the future state and local highway construction cost projections compared to the projected revenue. We believe that in testimony to this committee from the Department of Roads director, I will quote, the state highway system needs are estimated at \$9.2 billion. Nebraskans have already invested approximately \$7 billion in our state highway infrastructure, and it's something we need to continue to protect and grow. However, as Senator Raikes outlined, those demands are outpacing revenues. Another issue in this bill for the tax force to examine is the sustainability of current sources of Highway Trust Fund revenue. Of course, as he outlined for you very well, indications are that the gas tax revenues are not keeping up with or sustaining the ongoing construction and maintenance of our system. One factor that I believe I would like to outline that was not mentioned before that's important to emphasize is inflation is eroding the purchasing power of the transportation dollar. The construction costs, price index and other factors have shown that an increase in oil, steel, cement products, and other things have gone up in the last three years approximately 33 percent compared to the Consumer Price Index that we all pay, the regular inflation rate at the store of other items that we purchase has only gone up about 9 percent in that same period of time. We've seen a significant increase in the cost of diesel fuel, steel, and cement products. With that, I will close and just ask for any questions. [LB439]

SENATOR FISCHER: Thank you, Mr. Beck. Are there any questions? I see none. Thank you, Mr. Beck. Next proponent, please. Welcome. [LB439]

BRUCE BOHRER: Madam Chair, thank you. Bruce Bohrer, for the record, B-o-h-r-e-r,

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appearing on behalf of the Lincoln Chamber of Commerce. We are supportive of LB439, very supportive. I think the introducer did a good job already, and I'm not going to rehash all those issues, but just to kind of make three points and emphasize the importance of roads for economic development. I'm not telling anybody around this table anything new. We see that in Lincoln, we see it across the state. We've got about a \$100 million gap over the next six years as far as our needs versus what we have in revenue that we can get both from the state through the formula. And then we also do quite a bit of local effort that you may have heard of, impact fees here locally. We've got a gas tax. We've not scrimped on trying to get away with not paying our fair share locally either. In summary, I think we do need to develop strategies now and develop viable solutions for addressing these road funding needs. It is extremely important. I know there is a lot of different ideas that have been thrown out there. I'm just going to close with one comment from a trip to DC that we took last September. We went out there with the Omaha Chamber and heard from a gentleman that's fairly high up in the highway administration, telling us the Highway Trust Fund, in 2009, the Federal Highway Trust Fund is essentially going to go bankrupt. And they're not interested in raising the federal gas tax any. I don't know how long it's been since they've raised it. But I think it's been at least 15 years, maybe more. We've got different policy objectives that are kind of working at cross purposes. Our mileage requirements for cars have actually increased. And obviously that deteriorates the revenue stream for road funding. So I do think this is very timely to have something like this that looks at strategies for our future. And I agree, too, that we should be very proud of the Highway Trust Fund that we have. We've got a good system. We haven't done something like some other states have done and bonded off a lot of our needs and are in a position where we're all just...all we're doing right now is paying off debt. We are a pay-as-you-go system. But we are woefully short of the needs that we see out there. And we need to have some folks look at the different ideas that we have as far as revenue streams, and also strategies for how we can stretch those dollars a little bit further. I'm sure you're already aware the Highway Commission is also looking at standards right now, maybe a little bit less shoulder, different ideas along those lines. I think the locals need to look at that as well. And I'm just going to conclude my remarks and answer any questions you might have of me. [LB439]

SENATOR FISCHER: Thank you, Mr. Bohrer. Questions? Senator Schimek, please. [LB439]

SENATOR SCHIMEK: Thank you, Madam Chair. Bruce, your comment about the meeting in Washington,... [LB439]

BRUCE BOHRER: Um-hum. [LB439]

SENATOR SCHIMEK: ...leads me to ask, is anybody at the federal level thinking about the Federal Highway Trust Fund and what to do about the fact that it's, as you say,

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going to go belly up? [LB439]

BRUCE BOHRER: Well, in other U.S. Chamber of Commerce is and other national groups, I would assume, road builders nationally as well, were part of a national coalition, ATM is the name is the coalition, and are advocating for a needs-based revenue system, and in fact even a gas tax increase at the federal level. [LB439]

SENATOR SCHIMEK: I guess I'm thinking more, Bruce, about the policymakers themselves at the federal level. [LB439]

BRUCE BOHRER: Oh, oh. Well, yeah, I think they are thinking about it. And I'll tell you, Senator Schimek, what they've suggested and what the gentleman from the Highway Administration suggested was get ready for selling off your road assets and looking at this as an investment. You all may be aware, I think it's the state of Indiana that sold their, I believe their Interstate system for \$3 billion. Now that didn't make our Highway Commissioner, Mr. Duane Acklie, who came and talked to our group last Wednesday, very happy because that had been a toll road. And once it got paid off they sold it and now he's going to get to pay a toll on that road again now for the next number of years. They said, look at it as an asset, be prepared for that, and also look at more use of tolls. If we're not going to look at our revenue stream of the gas tax, we're going to see more tolls across the country. And I know that's been suggested here in this state as well. I think that's a very slippery slope to go down. [LB439]

SENATOR SCHIMEK: I agree with you 100 percent. And I just, I guess, if we do something like this, I would like to see something going on at the same level at the federal level. [LB439]

SENATOR FISCHER: Other questions? I see none. [LB439]

BRUCE BOHRER: Thank you. [LB439]

SENATOR FISCHER: Thank you very much. Next proponent, please. Good afternoon. [LB439]

KARL FREDRICKSON: Good afternoon, Madam Chair, members of the committee. I'm Karl Fredrickson, I'm the director of Public Works Utilities for the city of Lincoln. And I'm here on behalf of the city of Lincoln to support LB439. [LB439]

SENATOR FISCHER: Could you spell your last name, please. [LB439]

KARL FREDRICKSON: Oh, I'm sorry. First name is Karl with a K. Last name is Fredrickson, F-r-e-d-r-i-c-k-s-o-n. As I have previously testified on other bills over the last few years, Lincoln continues to face the challenge of trying to meet and keep up

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with needs of street infrastructure. The city of Lincoln, as Bruce alluded to, has a shortfall of over \$100 million in meeting construction and maintenance needs in the six-year plan. About 60 percent of that is for existing arterial streets, the other 40 is for new and expanded streets to meet growth. The Lincoln street construction funds are not keeping pace with the demand for this infrastructure. As others have said, infrastructure is key to attracting jobs, economic development. And again, that's the cities economic driving engine, that's also the state's economic engine as far as tax revenue sources. Lincoln is a major contributor to the state revenues, the motor vehicle sales tax and the state gasoline taxes from Lincoln are important to the state's financial health. Under the current state gas tax distribution formula, Lincoln receives back about 29 cents on the dollar collected in Lincoln from the Highway Trust. In contrast, the state of Nebraska, under the federal formula, receives a guaranteed return of about 90 cents on the dollar that we as Nebraskans send to Washington, at least until 2009. And we recognize that the large cities will likely contribute more to the Highway Trust Fund than we receive from it. We understand we need transportation in rural Nebraska as well. But we do not believe the 29 cent return is a fair distribution. I heard some things here, and Senator Raikes has a lot of the figures. But I heard that do we just put this into wider roads, or do we look at innovation in trying to reduce our costs and still provide service? I think Lincoln and Lancaster County have stepped forward in trying to at least phase in capacity, rather than build four lanes, we can have counties improve the roads on the edges of the city, build two lanes to start, we can shift those two lanes to the side so that we can expand them to four lanes in the future, the right-of-ways in tow, designs done, a lot of that cost is done at today's dollar. We can use that existing asphalt for more of its life span. Rather than tear it out to put in a four lane, we continue to use that existing asphalt for a longer period of time while we build two adjacent lanes next to it. So we think we've got a better bang for the buck. We're buying agricultural land today rather than commercial and zoned in sewer/water land in the future at a much higher cost. So I think the city and Lancaster County are looking at ways to provide the infrastructure at less cost than it would be to build it tomorrow. We continue to be heavily involved in intelligent transportation systems, ITS, changing municipal message signs, signal management to try to move the same amount or more traffic through the existing system with less congestion. We continue to look heavily into access management which, again, goes into congestion and getting more out of your infrastructure dollar longer, while traffic counts continue to increase. So we continue as a city and a county to look into that. Needs and wants is another thing we look into. Economic development is something that we try to build our infrastructure to first, if we can. Again, because that brings in sales tax, property tax, which supports Lincoln and supports the state as well. The task force proposed in LB439 is an opportunity to explore the distribution of the Highway Trust Funds as well as explore other options for financing the needs, as well as the innovation and what can we do innovatively. And that is why we support LB439. With that, I'd answer any questions. [LB439]

SENATOR FISCHER: Thank you, Mr. Fredrickson. Are there questions? Senator

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Mines. [LB439]

SENATOR MINES: Thank you, Senator. Karl, from your testimony you talked a lot about what Lincoln is doing and Lincoln's needs and wants. I don't view this bill as a municipal support system on your needs and wants. I view this bill as evaluating how we fund highway construction or highway programs in total. And every part, from District 49 to District 1, we all want economic development. We all try to do the very best we can. But given that, and with due respect, this isn't about how the money out to be spent, from my perspective. This should be about how we fund the future of our transportation system, where do those revenues come from, how can we perhaps balance and not go through the same process we went through in 2002 and '03 on our needs and wants throughout the state, because we can't afford that. And I guess it's more of a statement. I apologize, you just happen to be there. But this is different than, gee, we need more, we need to pay more attention. We really need to know how we're going to collect our revenues, where they're coming from, and how they are then allocated, not what the needs and wants are. Sorry to blow off on you. [LB439]

KARL FREDRICKSON: Okay. [LB439]

SENATOR MINES: Thank you. [LB439]

SENATOR FISCHER: Did you expect a comment? [LB439]

KARL FREDRICKSON: I don't disagree. I think there are a lot of things that can be looked at. [LB439]

SENATOR MINES: Well, he may, if he...yeah. [LB439]

KARL FREDRICKSON: You know we've looked at, you know, should it be sales tax? Should we ask for a little bit...a portion of sales tax? A penny or 1 percent sales tax in Lincoln would bring in \$20 million. A penny gas tax is \$1.2 million, you know. So maybe gas tax isn't the right solution for construction methods that are increasing. Maybe that's not...or maybe it's a mix of the two, something like that. [LB439]

SENATOR MINES: Karl, is it the state's responsibility to also...you have needs within the city. You have arterial needs, I mean, you've got some real needs, that's not the state's responsibility, that's the city of Lincoln's responsibility. Am I correct? [LB439]

KARL FREDRICKSON: You could say it's correct. Again, it's a matter of how do you then generate the funds? Lincoln has a \$49 per passenger car wheel tax. We have...we've got the impact fees, that Bruce...on new home construction, which by the way is hated. [LB439]

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SENATOR MINES: But that's a local... [LB439]

KARL FREDRICKSON: In order to supplement those internal needs, the development community and the housing area pay for all the local roads within that residential area. The city is only responsible for the arterial street system. If you'd say that the state no longer has a role in that arterial street system, then that puts us at a very large disadvantage as well. The state gas tax distributions for the city of Lincoln are approximately \$15 million. In 2014, we estimate our maintenance costs are going to equal that. So snow removal, patching potholes, which a few of you may have hit, by the way there's a hot line, it would put additional burden on the taxpayers in Lincoln. And again, we played, a few years ago, in front of an occupation tax on retail sale of gasoline. And this committee at that point in time didn't rattle its saber and say, maybe that's the state's business. [LB439]

SENATOR MINES: And I guess maybe that all brings it back to the purpose that I see of this bill is maybe it's time the state of Nebraska doesn't participate 20/80. Maybe it's time the state looks at a different participation level. Maybe it's time the state evaluates what they will participate in as opposed to what they won't. And that may affect every municipality and county in the state. But that's the value I see in this plan as opposed to the needs and the wants. [LB439]

KARL FREDRICKSON: I'd say we'd call it throwing a bet out there and saying that with that information Lincoln would get a greater proportion. [LB439]

SENATOR MINES: Yeah. [LB439]

KARL FREDRICKSON: And again, we see needs all over the state, we see it in the rural areas, we don't want to see it decline there, Blair and that area, and the bypass, and I was involved with it just a little bit with Kirkham Michael on that. There's tremendous needs. [LB439]

SENATOR MINES: Yeah, there are all over the state. Thank you. [LB439]

SENATOR FISCHER: Questions? Senator Hudkins. [LB439]

SENATOR HUDKINS: Mr. Fredrickson, I'm going to ask you a series of questions and you don't have to answer them because you're not going to have the answers. And in fact, this wasn't your problem in the first place. Okay. We talked about sustainability of the current sources of Highway Trust Fund revenue. Do you know what the gas tax rate is going to be in 2008? Yes or no. [LB439]

KARL FREDRICKSON: No. [LB439]

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SENATOR HUDKINS: No. Do you know the number of cars that will be sold in 2008?
[LB439]

KARL FREDRICKSON: No, I do not. [LB439]

SENATOR HUDKINS: Do you know what will the price of fuel be in 2008? [LB439]

KARL FREDRICKSON: No. [LB439]

SENATOR HUDKINS: Do you know the cost of cement of asphalt, what that will be?
[LB439]

KARL FREDRICKSON: No. [LB439]

SENATOR HUDKINS: Do you know the cost of health insurance, the cost of obtaining
right-of-ways, the cost of legal fees, any of that, constructing, road construction? Of
course not, of course you don't. Three instances that affected the prices of road
construction in Lincoln, and again you won't know the answers and this wasn't on your
watch. Do you know what the price of hard surfacing Pine Lake was, about 27th Street
was the first time? [LB439]

KARL FREDRICKSON: No, I don't. [LB439]

SENATOR HUDKINS: Do you know what it was the second time? [LB439]

KARL FREDRICKSON: Considerably higher from 27th to 40th. [LB439]

SENATOR HUDKINS: Considerably higher. Do you know what it was the third time?
[LB439]

KARL FREDRICKSON: Third time? [LB439]

SENATOR HUDKINS: Wasn't there a third time? [LB439]

KARL FREDRICKSON: Pine Lake? [LB439]

SENATOR HUDKINS: Maybe not. Okay. [LB439]

KARL FREDRICKSON: No, we've only got two miles built that I'm aware of. [LB439]

SENATOR HUDKINS: Let's go to the viaduct south of 27th and Cornhusker, lots of
pillars. How much did it cost to reengineer that when the pillars didn't line up? Another
question, what was the cost of the intersection of 27th and Cornhusker when the lanes

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didn't line up? All of these are costs that should have been done correctly the first time. And, like Senator Mines said, you just happen to be the one in the chair. None of these are directed to you by any means. But what I'm saying is that we have a Roads Department, we have public works, we have the Federal Highway whatever, and they do wonderful work. But it's very, very expensive. I've heard on the Interstate the costs are anywhere from \$1 million a mile to \$8 million a mile. Highway 77, going to Beatrice, when that was four-laned, wonderful project, and I don't know how many hundreds of thousands of dollars they spent planting trees that were probably eight to ten feet tall and then we've had a five year drought after they were planted. So what I'm just saying is that we can certainly spend our dollars more wisely, in the first place let's get it done right the first time. Maybe we need to adopt a tree. Maybe, you know, if there's trees at the end of our lane, we should water them rather than expecting the highway people from planting these large, and they're nice trees if they live. So I'm a little cynical, I guess, is the term that, because you don't know the answers to any of those questions, what is anything going to cost in 2008. Strategies to promote the development, well two of those obviously are do it right the first time, and maybe adopt a tree. But I'm just a little cynical and a little bit tired of people saying, well we need more money, we need more money. Obviously you do. Everything is going up, the price of gas, the price of asphalt, the price of insurance. And so I'll get off my soapbox now, and thank you for listening. If you want to comment, you may. [LB439]

SENATOR FISCHER: I would suggest you say no. (Laughter) [LB439]

KARL FREDRICKSON: I would suggest...tell you what, I'll leave my shovel against the wall. [LB439]

SENATOR FISCHER: Any other comments or questions? I see none. Thank you, Mr. Fredrickson. [LB439]

KARL FREDRICKSON: Thank you. [LB439]

SENATOR FISCHER: Next proponent who's willing to step up. Welcome. [LB439]

JACK CHELOHA: (Exhibit 2) Thank you. Good afternoon, Senator Fischer, members of the committee. My name is Jack Cheloha, last name is spelled C-h-e-l-o-h-a. I'm the registered lobbyist for the city of Omaha. I'd like to testify in favor of LB439. Based on the testimony, I mean we all know that there's great needs out there and the resources are limited. I think though that it's appropriate at this time to take a look at it, take a look at the formula that's in place and have a study. We appreciate Senator Raikes introducing this bill. It's my understanding that the formula we use now for the Highway Trust Fund and as it flows down through that chart I'm sure this committee has looked at that chart many times and has been confused by it, as others have. But I think it went into place essentially about 1969, with minor adjustments since then. But essentially the

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main corpus, if you will, of the formula was put in place back then. And that's what roughly 38 years ago. So it seems like that's quite a long time and things have changed in, you know, that number of years that maybe it's time to take a look at it. I've got a handout here, if I could ask the pages to distribute it. This is a letter from one of my city council members, his name is Jim Suttle, and he's an engineer, and also a council member, and he also is a husband of a former senator. So he wants to offer or volunteer, if you will, that if this committee decides to move forward, to serve in some capacity for this committee. As he's worked on, you know, various projects through the years he thinks it's time, you know if you will, to take a look at this, and maybe we have some other ways to fund things, or come up with revenues, or likewise do things better or more efficiently, etcetera. And so for those reasons the city of Omaha is in favor of this task force, and we're willing to help in any way that we can. And if you want to know specifics about what are we doing to raise revenue in our city to meet our city needs, I can tell you about those. But I don't think it's appropriate, if you will, at this time because we're more interested in the big picture. You know some people have a fear of the unknown. You know we may have a fear as well, but at least we were willing to step up and say we're supportive of this and we'll try to help solve it. I'll try and answer any questions you might have. [LB439]

SENATOR FISCHER: Thank you, Jack. Are there any questions? Senator Hudkins. [LB439]

SENATOR HUDKINS: Jack, thank you for coming. I got it off my chest and now I feel better. So I appreciate your being here, too. [LB439]

JACK CHELOHA: Okay, thank you very much. [LB439]

SENATOR FISCHER: Any other questions? I see none, thank you very much. Are there other proponents? Any other proponents? Are there any opponents to the bill? Opponents? Anyone here to testify in the neutral capacity? I see none. Senator Raikes has waived closing. So with that, I will close the hearing on LB439, and open the hearing on LB277, if Senator Mines is ready to open. [LB439 LB277]

SENATOR MINES: I am, Chairman Fischer. [LB277]

SENATOR FISCHER: Great. [LB277]

SENATOR MINES: Members of the committee, for the record, my name is Mick Mines, M-i-n-e-s. I represent the 18th Legislative District, and I'm here today to introduce LB277. This one is not difficult to understand, and won't cost the state a nickel. LB277 amends a host of issues in Section 39. And it provides for submission of a metropolitan transportation improvement plan in lieu of the departments annual and six-year plans as prescribed. Let me just explain this. Every year cities and counties have to submit a

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one- and six-year plan to the state of Nebraska. Omaha has to submit a one- and six-year plan to the federal government as well. They are two separate forms, two different sets of forms, and they're quite lengthy, and they take time and energy and money to fill out. This asks that Omaha, or excuse me, a city of the metropolitan class be allowed to, as well as those counties and municipalities designated to submit this annual federal report, be allowed to submit that federal report in lieu of the state report, which is the same thing, just in a different format. There are others behind me that can completely explain the bill. And I thank you for your consideration, and would entertain any questions. [LB277]

SENATOR FISCHER: Thank you, Senator Mines. Are there questions? Senator Hudkins. [LB277]

SENATOR HUDKINS: Senator Mines, I understand the one- and six-year plan. And then the metropolitan areas also have to submit a plan to the federal government. [LB277]

SENATOR MINES: That's correct. [LB277]

SENATOR HUDKINS: But that is just an annual plan, it's not the long-range? [LB277]

SENATOR MINES: That is correct. As I understand it, it's a one-year plan, but I am going to have to defer to the folks behind me. [LB277]

SENATOR HUDKINS: Okay, thank you. [LB277]

SENATOR MINES: Thank you. [LB277]

SENATOR FISCHER: Other questions? I see none. Thank you, Senator Mines. [LB277]

SENATOR MINES: Thank you. I will waive closing. [LB277]

SENATOR FISCHER: Thank you. May I ask how many people are here to testify on this bill? I see two. Would the first proponent step forward, please. Welcome. [LB277]

KARL FREDRICKSON: Thank you. Madam Chair, members of the committee, I'm Karl Fredrickson, Karl with a K, F-r-e-d-r-i-c-k-s-o-n. Again, I'm director of public works and utilities for the city of Lincoln. I also chair the Lincoln-Lancaster County Metropolitan Planning Organization, otherwise known as the MPO technical committee. As Senator Mines said, the city is required to prepare three documents actually. The one and six are required by state statute, the Transportation Improvement Program, otherwise known as the TIP, is required under Title 23 of federal law, and then for the city function in our city charter we also have a capital improvement program, which is a six-year

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document. All three of these documents contain the same information. LB277 would allow us to try to streamline these efforts by reducing unnecessary paperwork, while still providing the public opportunity for involvement into our program. LB277 would allow the city to submit the accepted federally required TIP to the Department of Roads in lieu of the one and six. So we would still be providing the information as far as our projects and the funding associated with those projects to fulfill the state requirement, we just wouldn't have to create two documents to do it. Our understanding the way the bill is written, it would affect two other NPO's, and that would be the Metropolitan Area Planning, which is the Omaha area, as well as SIMCO, Siouxland Interstate Metropolitan Planning Council, which would be South Sioux City and Dakota County. It costs us approximately \$4,600 and more than 40 hours of staff time, essentially it's staff time that does it. It's not a huge dollar amount, but with trying to do more with less in our government, I could put somebody to better use for 40 hours, that's a full weeks worth of work for one person. The Lincoln one and six is a 97-page document, completed on several different Department of Roads...excuse me, not Department of Roads, it's the Board of Classifications and Standards forms. And LB277 would allow us to be more efficient with our planning efforts by eliminating the redundancy and allowing us to use that staff time for other purposes in our street planning. So with that, we ask you to support and advance LB277. I'd answer any questions you may have. [LB277]

SENATOR FISCHER: Thank you, Mr. Fredrickson. Are there questions? Senator Louden. [LB277]

SENATOR LOUDEN: How would this work with, well like Lancaster County and Lincoln? Would that affect them there, or would they still have to do their own one- and six-year plan for the county? [LB277]

KARL FREDRICKSON: It could be their choice. The Lincoln-Lancaster County Transportation Improvement Program contains all of their projects, it also contains the Airport Authority, it contains StarTran, our transit system, any federal aid coming into the NPO for transportation related purposes is in that document. So, in a sense, it could cover that. [LB277]

SENATOR LOUDEN: Okay. Are you doing a combined plan now on some of this stuff? [LB277]

KARL FREDRICKSON: We do a combined transportation...the federally mandated, we're all combined under federal law. And so we would submit that the state would have the same information. Now if the... [LB277]

SENATOR LOUDEN: Then if the county did their one- and six-year plan, you could use that for your federal mandate plan? [LB277]

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KARL FREDRICKSON: No, no, I could not use the TIP for the federal mandate. [LB277]

SENATOR LOUDEN: Okay. Well, where would this save any money? [LB277]

KARL FREDRICKSON: It takes approximately 40 additional staff hours to prepare the one- and six- that gets submitted into the State Department of Roads, it's the Board of Classifications and Standards is the actual board it gets submitted to. But it takes an additional 40 man hours to prepare the forms that we send to the state. [LB277]

SENATOR LOUDEN: That's got to be done anyway, is that right? [LB277]

KARL FREDRICKSON: Well, currently it does. Under state statute the one- and six- needs to be done for the state, the TIP needs to be done for the federal government. And then we have our own, by city charter, capital improvement program. All three of those contain essentially the same information in regard to streets. And so what we're asking to do... [LB277]

SENATOR LOUDEN: And you're doing that now? [LB277]

KARL FREDRICKSON: We do that right now, and have for the last... [LB277]

SENATOR LOUDEN: Then why can't you, if it's all the same information, why can't you copy it from one agency to the other? [LB277]

KARL FREDRICKSON: The Board of Classifications and Standards requires it on their forms. The city CIP and the federal TIP is essentially on the same form. And so when we prepare them, all we do is retitle it. Whereas the state is all on their provided forms. [LB277]

SENATOR LOUDEN: Well, if we introduce this legislation or if this got into statute, where would that change that then? [LB277]

KARL FREDRICKSON: Well, what it means is instead of preparing essentially three documents, we'd only have to prepare two. We simply take the one we've...those two and just submit it to the state and it is sufficient for their... [LB277]

SENATOR LOUDEN: Okay. Then the state would be the one that you would have to receive the forms that are used for your federal form or something. Is that what you're telling me? [LB277]

KARL FREDRICKSON: No. We...the Board of Classifications has their own forms required under 39 in the state statute. The federal government really doesn't have a requirement as to the format; it has a requirement as to the information, but not

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essentially the format. And so our CIP, our city CIP and the federal TIP are essentially the same document, same format, same everything. The state is one we have to do something different on. And so essentially what we're saying is, could you just use this document, it has essentially the same information, in lieu of doing two different documents,... [LB277]

SENATOR LOUDEN: Okay, thank you. [LB277]

KARL FREDRICKSON: ...in different formats, though. [LB277]

SENATOR FISCHER: Other questions? I see none. Thank you, Mr. Fredrickson. [LB277]

KARL FREDRICKSON: Thank you. [LB277]

SENATOR FISCHER: Next proponent, please. [LB277]

JACK CHELOHA: Good afternoon again, Senator Fischer, members of the committee. My name is Jack Cheloha. Last name is C-h-e-l-o-h-a. I'm a registered lobbyist for the city of Omaha. I asked our Public Works Department to take a look at this bill. And, for the reasons stated by the city of Lincoln, I think it would save us some time and staff time and duplicity in terms of submitting documents and for...I just want to give a me too. So I'll try and answer any questions. We support LB277. [LB277]

SENATOR FISCHER: Thank you. Any questions? I see none. Thank you, Mr. Cheloha. [LB277]

JACK CHELOHA: Thank you. [LB277]

SENATOR FISCHER: Any other proponents? Is there anyone else wishing to testify in support of the bill? Any opponents to the bill? Is there anyone wishing to oppose the bill? Anyone here in the neutral capacity? Good afternoon. [LB277]

STEPHEN BURNHAM: Good afternoon. My name is Stephen Burnham, Stephen with a ph, B-u-r-n-h-a-m. I'm the planning and research engineer for the Federal Highway Administration. And I am not here in support or opposition of the bill itself. I will leave that to my colleagues at NDOR to determine whether or not they think it's a good idea for the basic bill. The thing that I would like to bring to your attention is approximately five times through this bill and specifically in Section 4, it refers to the annual Metropolitan Improvement Program, pursuant to Section 23 U.S. Code 134(h). There is no such thing. Section 134(h) says that in cooperation with a state and any affected public transit operator, the metropolitan planning organization designed for a metropolitan area shall develop a transportation improvement program for the area for

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which the organization is designated. And when you get down the bottom of it, the program shall be updated at least once every two years, and shall be approved by the metropolitan and planning organization and the governor. And the most recent highway legislation, SAFETEA-LU, has changed this section to every four years. So the requirement for an annual TIP is one that is currently done by choice within the state of Nebraska, not by federal mandate. And basically that's all I had to say. [LB277]

SENATOR FISCHER: Thank you, Mr. Burnham. Are there any questions? We appreciate it, thank you very much. Any other one who would like to testify in a neutral capacity? Senator Mines waived closing. With that, I will close the hearing on LB277. And I will open the hearing on LB276. And Senator Schimek is here to open. [LB277 LB276]

SENATOR SCHIMEK: (Exhibit 1) Thank you, Madam Chair and members of the Transportation and Telecommunications Committee. For the record, my name is DiAnna Schimek. I represent the 27th Legislative District, and I'm here to introduce LB276, which basically changes the name of the Department of Roads to the Nebraska Department of Transportation. At first blush the bill appears to be very simple in nature, for all that it does is change every reference in statute from the Department of Roads to the Department of Transportation. But upon further thought and examination it becomes more of a philosophical question, I suppose, one that I believe warrants a serious consideration by the Legislature. The Department of Roads not only oversees the construction and maintenance of the states highways and bridges, but also provides oversight on rail transportation, bus transportation, transportation for the elderly and handicapped, esthetic landscaping and planning, signage and even buildings that relate to transportation within the state of Nebraska, it also provides services relating to fuels, hazardous materials, and emergency safety. The department is responsible for much more than the laying of asphalt and paving of lanes on the highways, I believe that the name should reflect that. Department of Transportation is the title that better fits the agency, in fact even the department's web site address is www.nebraskatransportation.org, a little known fact. LB276 also repeals the Nebraska Transit and Rail Advisory Council Act, which is located in Section 208 of the bill, and was done at the suggestion of the bill drafter. It repeals this act because it terminated on June 30, 2005, and was found in a group of statutes that were already to be amended by this bill. One concern that the department may have regarding this bill is found in lines 10 and 11, on page 26, where the bill strikes language relating to the expenditures for the removal of nonconforming signage. Based on the way it was described to me, and I'm not certain I still understand this, but there was a time when the state's outdoor advertising law was declared unconstitutional. The state eventually enacted a new outdoor advertising law, but any signs erected between the time the old law was declared unconstitutional and the new law was passed will never be eligible for federal aid. The language struck on page 26, lines 10 and 11, would allow the department to remove these signs erected during this period without requiring that federal aid be

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available for their removal. I'm submitting...or I did submit to you the list of all the Departments of Transportation across the United States. And you will see that without exception there are no other states that have the Department of Roads any more. It's really...I think it's really a matter of recognizing that the department's duties are far larger than oversight of roads. Now I have to tell you, when this bill came to the floor a number of years ago, and Senator Hudkins may remember this, I don't know if you were here, Senator Louden, or not, but it was Curt Bromm, Senator Bromm's bill. And this was the issue that we were discussing. And I remember at the time being very torn because of my great respect for Senator Warner and his role in really establishing the Highway Trust Fund and the Department of Roads in the modern sense, and I didn't vote for it. And I really have kind of asked myself ever since then why I didn't vote for it. I think it was a very close vote, if I recall, at the time. I think it's time to do it; I think it's probably past time to do it. It's not a big deal. If we don't do it, it's not the end of the world. But I just think it's something that we ought to seriously think about and consider. That concludes my testimony. [LB276]

SENATOR FISCHER: Thank you, Senator Schimek. Are there questions? Senator Louden. [LB276]

SENATOR LOUDEN: Senator Schimek, I always have these nightmares, this looks about the same thickness as LB126, and that makes...kind of like looking at snakes, you know, you always wonder about it. The next thing when you say the Department of Transportation, do you think it sounds better to have it NDT rather than NDR on everything? [LB276]

SENATOR SCHIMEK: Sounds better, I don't know if it sounds better or not. I think when you say the whole... [LB276]

SENATOR LOUDEN: Well, I was wondering, the Department of Roads have spent a lot of money getting their kind of NDR labels all over, you know, their stuff like that. I'm surprised that the fiscal note is only \$5,000, because it costs you more than that just to change your own name, let alone a department, Department of Roads. (Laughter) I'm wondering if, you know, you go through all the statutes and do all of that, and they talk about signage. But surely there's more than \$5,000 worth of signage scattered all over everything there is. It probably has to be done all at the same time. [LB276]

SENATOR SCHIMEK: Well, I think you made a good point. But it is the department that made this estimate, Senator Louden. So I think we have to probably take their word for it. [LB276]

SENATOR LOUDEN: Well, I see that. [LB276]

SENATOR SCHIMEK: I mean if it were really high, I might not take their word for it. But

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since it's really low, I'm willing. [LB276]

SENATOR LOUDEN: But I was just curious if that was the correct deal. I don't know, I thought they were doing pretty good when they called them the NDR anyway, rather than the NDT. So anyway, that's my comment for this. [LB276]

SENATOR SCHIMEK: And in many cases, in most states, or in a lot of states I think they just call it the DOT, you know, the Nebraska DOT, or the Illinois DOT, or whatever. But I don't think it makes too much difference which initials you use. But when you say the whole thing, I think it does make a difference. [LB276]

SENATOR FISCHER: Any other questions? Senator Hudkins. [LB276]

SENATOR HUDKINS: Not a question especially, but maybe a comment. The fiscal note really surprised me, too, because we have enough buildings around the state that I would think changing the signage would be more than \$5,000. And what it is, it is. But I would like to suggest that, and it's no big deal, and if you don't want to do it that way, that's fine, but changing the decals on the equipment, stationary and so forth, I would say don't change them until you replace them. [LB276]

SENATOR SCHIMEK: I would agree with you, Senator Hudkins. [LB276]

SENATOR HUDKINS: And I would say, you know, use what you've got and then order new. And the decals, if you're going to run a truck for ten years and it's two years old, it's going to have DOR on it for eight more years. [LB276]

SENATOR SCHIMEK: Yeah, I don't think that would be a huge problem at all. I'm still using stationary at home that I bought years ago, and I'm hand crossing out the address because we've moved, you know. You just do those kind of things. [LB276]

SENATOR FISCHER: Other questions? I see none. Thank you, Senator Schimek. [LB276]

SENATOR SCHIMEK: Thank you. [LB276]

SENATOR FISCHER: May I ask how many people plan to testify on this bill? I see none. Senator Schimek, would you like to close? [LB276]

SENATOR SCHIMEK: I should probably waive. (Laugh) [LB276]

SENATOR FISCHER: Okay, thank you very much. And with that, we will close the hearing on LB276 and also close the hearings for the day. [LB276]

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Disposition of Bills:

LB447 - Held in committee.

LB182 - Held in committee.

LB439 - Held in committee.

LB277 - Advanced to General File, as amended.

LB276 - Held in committee.

Chairperson

Committee Clerk