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Transportation and Telecommunications Committee
September 17, 2009

[LR152]

The Committee on Transportation and Telecommunications met at 2:00 p.m. (MST) on Thursday, September 17, 2009, at Western Community College in Scottsbluff, Nebraska, for the purpose of conducting a public hearing on LR152. Senators present: Deb Fischer, Chairperson; and LeRoy Louden. Senators absent: Arnie Stuthman, Vice Chairperson; Kathy Campbell; Tim Gay; Galen Hadley; Charlie Janssen; and Scott Lautenbaugh. Also present: John Harms. []

SENATOR FISCHER: Good afternoon and welcome to an interim study hearing by the Transportation and Telecommunications Committee. It's a real pleasure to be out here in western Nebraska. Some people think Kearney is western Nebraska. I'm from Valentine, and I usually tell people when they say, well, how are things out west? And I always say, no, no, no, I'm north central Nebraska. You guys always forget the Panhandle. So, this committee didn't forget the Panhandle. And, we are out here today to listen to your ideas and your suggestions on some pressing issues that we have with infrastructure here in the state of Nebraska. My name is Deb Fischer. I am the senator for the 43rd District in Valentine, Nebraska, and I am chair of the committee. I am joined today by Senator LeRoy Louden, here on my left. As a committee member, he is from Ellsworth, Nebraska, another of your neighbors out here in western Nebraska. On my far left is our committee clerk, Laurie Vollertsen. On my immediate right is our committee counsel, Mr. Dustin Vaughan. And, we're just really pleased today to be joined by your senator here in Scottsbluff, Senator John Harms. And, again, I would like to say it's just really nice to be here. I thank Senator Harms for getting things organized in working with my office on that and it's nice to see a good turnout. We will be just hearing one, only one just really small interim study today on highway funding, LR152. We usually try and keep things pretty informal when we do our interim studies out across the state, but we still have some rules to follow. So, if you do plan to come up to testify, I would ask that you fill out one of the yellow sheets. I believe the committee clerk has some on either side of the room here. And when you come forward, please

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state your name, spell your last name. If you're representing an organization, please tell us which organization you're representing. And, if you are just here with your ideas for yourself, we certainly welcome that, too. We need to hear from people across the state on this issue. I would ask that you try and be concise with your testimony and address the resolution at hand. I don't plan to limit any testimony today, but please be concise. At this time, I would ask that you would turn off your cell phones, even though we...Senator Louden, even though we are informal at these hearings when we're outside the Capitol, we don't need the music going on while we're trying to hear somebody express their opinions. So, with that, I will open the hearing on LR152 and ask our committee counsel to please introduce the resolution. [LR152]

DUSTY VAUGHAN: Thank you, Senator Fischer and Senator Louden, Senator Harms. For the record, my name is Dusty Vaughan, spelled V-a-u-g-h-a-n, and I am the legal counsel for the committee. LR152 is introduced to conduct a comprehensive examine of Nebraska's highway funding structure and to analyze any possible funding alternatives. I don't think there's any question that Nebraska has reached a crisis level on how we fund our highways. But, I would like to stress a few main points so that the magnitude of the present situation can be stressed. One, Nebraska has many capital expansion projects that are currently being put on hold due to inadequate funding. The cost of seven of the highest priority state projects is roughly \$730 million. Every year that these projects are left off the construction program, the cost obviously goes up. Currently, two of those projects are in the department's five-year plan, that being the six-lane interstate expansion between Lincoln and Omaha and the Wahoo Bypass. Two, Nebraska's at a point where funding will be inadequate to even preserve the current highway system sometime in the next two years. The Department of Roads estimates it takes \$286 million to preserve the current highway system every year, a number that rises with inflation. Last year's construction program was \$317 million. Granted, this year is quite a bit higher, but that is due to the federal stimulus dollars that Nebraska received. The department is estimating that it'll actually be closer to a \$300 million construction program next fiscal year starting in July. So, you can definitely see that \$286 million to

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preserve the current highway system and a \$300 million construction program doesn't leave a lot of room for anything else besides preserving the system and as that \$286 million number creeps up, pretty soon we're going to be inverted and not be able to even preserve the current system. Three, because Nebraska employs a revenue sharing structure that the local government share in, they're in the same predicament as the state and are also falling behind on street and road maintenance and construction. We've talked at a few of the last cities about how a lot of our cities and counties rely exclusively on our Highway Allocation Fund dollars. So, until we get that fixed or we get some more money in the pot, they're going to be in the same boat as the state and keep falling further and further behind. And the final point, is Nebraska's historic reliance on gas tax is no longer sustainable under current economic conditions. With demand for gasoline stagnating over the past several years, higher gas tax revenue, through increase consumption, is a thing of the past. Smaller, cheaper, more fuel efficient vehicles contribute to the strain on the Highway Trust Fund and that less sales tax is collected from them because they are cheaper and they also consume less fuel. That's not going to get any better. I think...we see the Obama Administration already passed a higher fuel, or miles per gallon standard for a vehicle. It's going to kick in, in the next few years. So, it's not going to get any better. This is not meant to imply that the gas tax doesn't have a place in our funding structure, it simply means that the historic method of relying on increase revenues through increase consumption is not going to be happening anymore. With that, Senator Fischer, I'll turn it back to you. [LR152]

SENATOR FISCHER: Thank you, Mr. Vaughan. At this time, I would invite anyone who has any testimony before the committee to please step forward. [LR152]

JIM RAYMOND: Can I fill the yellow sheet in a minute? Didn't know if I could do that. When I first saw the announcement... [LR152]

SENATOR FISCHER: I do need to state your name, though, please. [LR152]

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JIM RAYMOND: I'm sorry. Jim Raymond. R-a-y-m-o-n-d, 2835 Applewood Road in Gering. And when I first...is there anything else you need? [LR152]

SENATOR FISCHER: No. [LR152]

JIM RAYMOND: Okay. When I first saw the announcement I was frankly upset. But, John, Senator Harms, has just warned me that neither of you or any of you are fools, please be careful. (laugther) So, I had a statement that I'll abridge a little bit. I don't think we ought to worry too much as far as western Nebraska is concerned because we already appealed to the state of Wyoming for transportation assistance, seems as how it's generally easier to get money from Wyoming than it is out here from the state of Nebraska. The main idea that I had was, why is it possible, let's say, that Nebraska can use the toll road concept. The gas tax was probably never really equitable as far as western Nebraskans are concerned because we have so much of what we call, windshield time. If I wanted to go, let's say, to see a senator other than Senator Harms, it's a long ways out and back. And so, I think we subsequently use probably more gas than the average person would in Lincoln or Omaha. It seems to be that, for example, on Highway 71 that would lend itself quite nicely to be a toll road. Certainly, the new six-laner between Lincoln and Omaha would be an excellent source of revenue, as would some of the traffic and roadways in the town of Omaha, or just immediately around it. I would ask this question, if I may. Does the state of Nebraska currently have the ability to set up a toll road concept? I mean, is there anything in the state law that would prohibit that? [LR152]

SENATOR FISCHER: We don't answer questions at these hearings. [LR152]

JIM RAYMOND: Okay. All right. [LR152]

SENATOR FISCHER: But I'll answer you. No, there's nothing that would prohibit it right now. When you make the suggestion, though, that Interstate 80 between Lincoln and

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Omaha be set up as a toll road, that is a federal highway and it takes federal permission in order to do that. They've allowed a few states to do it on pilot projects. One problem, in my opinion, that you may face there would be if you put a toll road up between Lincoln and Omaha, you're only shifting traffic then to highways that run parallel to the interstate and then you've just created safety concerns, congestion concerns on those two-lane roads. But, it's not really a feasible option to put it on Interstate 80. But, I'll let it go at that and let you continue. [LR152]

JIM RAYMOND: Well, I would suggest that we at least take a look at that. I frankly don't...I'm not aware of other arterial roads that go between Omaha and Lincoln. I'm sure there are, but they're not probably ones that people would like to take. For example, if they're going to a Nebraska football game or something on that line. Certainly, within the city of Omaha, your traffic is such that if those people need roads, and I agree that they do, it would seem to me that it would be much more equitable statewide to let Lincoln and Omaha do toll roads to carry their equal burden to the taxpayers of Nebraska. That's basically it. You know, I have a lot of other ideas, but that's one of the only and probably the most fair option that I can think of at this point. I thank you very much and I will be sure to fill out one of the sheets and get it to you. Thank you. [LR152]

SENATOR FISCHER: Thank you, Mr. Raymond. If you want to wait a minute, we get to ask you questions. So.. [LR152]

JIM RAYMOND: Oh, okay. Great. [LR152]

SENATOR FISCHER: Are there questions from the committee? Senator Louden. [LR152]

SENATOR LOUDEN: Yes. Well, this is what we appreciate is different ideas and we've had people mention toll roads already while we've had this interim study. One of the

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things that one person had mentioned, and I don't know if that was in testimony or not, but they said over at DIA now that you don't go through the toll booths, you have some kind of a little card or something that you buy and you also get a picture of your car and you get a bill at the end of the month. Now, I don't know how they handle out-of-state people, whether they send you the bill if you're out-of-state or what, but...If you're looking at some type of a system, we probably have to wait until the technology comes along to go that route because toll booths and ways to get on and off, I mean, everybody's drove the Oklahoma Turnpike and few things like that, you know...and Kansas Turnpike. And if you go down to the west of it a ways, where you can go clear down just before you get into Oklahoma you can miss the whole Turnpike, I mean, I've even done that, so...But mostly because whenever you have a toll booth that always narrows your traffic down, if there's very much traffic. If you've ever been to Chicago, why everybody's going along good until you get to the toll booth and then here we're all going, you know, like rats through a pipe or something and here we spread out again, so... I think that could be an idea as technology comes along, and maybe it's here.

[LR152]

JIM RAYMOND: Do I have...okay. In Denver, I'm somewhat familiar with that one as I've gotten several pictures, or a couple pictures of my car already. And it's some kind of a pass situation which I think is used fairly universal. I know in Houston, they use the exact same thing. And, that allows you to continue driving through without having to stop. So, the technology frankly is there. They do have a change booth at each one of those intervals to...for people who don't have the cards. And, but I think it could be easily used in the state of Nebraska. The other thing, where I've seen something like that work is in both Kentucky and Tennessee that are known not to have a great deal of money for roads and so forth, and these are their north and south byways. And they used...this was 10, 15 years ago that I was down there that they were using this system and quite effectively. And it gave them, in effect, interstates north and south which is, as you know, all of these roads are our future. And, the ones that they're...were talked about for Nebraska, such as 71 going straight north, would be excellent, would help a

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great deal. They are our life's blood. [LR152]

SENATOR FISCHER: Thank you, Senator Louden. Other questions? I see none. Thank you very much for being here today... [LR152]

JIM RAYMOND: Thank you very much. [LR152]

SENATOR FISCHER: ...and remember to turn in your yellow sheet, please. [LR152]

JIM RAYMOND: That, I will. Thank you. [LR152]

SENATOR FISCHER: Thank you. Next testifier please. Don't be shy. Good afternoon. [LR152]

KAREN ANDERSON: Good afternoon. I am Karen Anderson, A-n-d-e-r-s-o-n, and I represent Scottsbluff/Gering United Chamber of Commerce. We have about 489 businesses. I've also served on the Heartland Expressway Steering Committee for the past 12 years, and I just want to give you some ideas that we've come up with in the past 12 years. I've been attending the district hearings every year, and it seems every year we say the same thing and I don't know that anything has ever really changed. And, I think when you look at where the economy is and what businesses had to do over the years, I would challenge the Department of Roads to look at stewardship that...the public meetings, I think that you could partner with the cities or the counties and hold the meetings there, rather than paying for the travel all across the state. And, I think last year, they went electronic with their program books, you know, so that's no different than what businesses had to do. So, I think that could save a lot of money. But, when you have the public meetings, you know, time and again, we have said there are some roads that need to be closed and some of the communities agree that these roads should be closed. So, you are maintaining roads that maybe don't need to be there. So, I don't know that that's...I think that's falling on deaf ears for the last 12 years because I

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think every time I've been to a public meeting, that's come up, so...If you're going to do the public hearings, listen to the public hearings and do something with it, just don't check off that, yeah, we did the public hearings because those are our government dollars at work. And you know, you could have a strong partnership with the cities and the counties and also business. We've mentioned bonding in the past. I know that's been a concern with the committee that you need good stewardship and a good model, and I think there's some examples that have been brought forward in the past. I think bonding is a consideration. Jerrod Haberman from PAT, and I think you'll hear from you later, is much more versed and astute about the figures, but he is a wonderful resource on stats. And one thing that really struck my mind, when we're trying to do this Heartland Expressway is the infusion of money from the Front Range is much richer than Lincoln and Omaha are and that's money that could come into Nebraska, so that connection is imperative. And I think that's fallen on deaf ears because many don't know where western Nebraska really is. And I think that's a connection that all of Nebraska would get richer for. The other thing that Jerrod's done research on that has totally impressed me is, Appalachia had millions or billions of dollars infused into their area and I think, as a state, we need to look at that we're the new Appalachia. When you look at the stats, and he's done a beautiful job in the research, that would make a big difference because we're rural America and the connection between Mexico and Canada is imperative. So, I don't think you need to focus on the highway dollar so much as maybe we've connected with the Ports-to-Plains, we pay \$10,000 on a yearly basis that we put together. We're incorporating Heartland Expressway. We can go after those dollars in a different way. So, we need to look at the bigger picture because if you line up all of those states, that's a bigger picture that we need to look at that can make a difference for rural America. So, I think that's kind of, in a nutshell, to look outside of the box, that maybe stewardship, Appalachia bonding, and some roads needs to be closed. Thank you. Any questions? [LR152]

SENATOR FISCHER: Thank you, Ms. Anderson. Are there questions? Senator Loudon. [LR152]

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SENATOR LOUDEN: Go ahead. [LR152]

SENATOR FISCHER: No, you go right ahead. Senator Louden. [LR152]

SENATOR LOUDEN: Okay. Well, thank you for your testimony, Karen. When you mentioned closed roads, are you talking about state roads or county roads? [LR152]

KAREN ANDERSON: What are the roads, Jerrod, that we've talked about that could close. (Inaudible) Yeah, well not the maintenance part of it. I mean, there's some that don't need to be maintained because I don't have all the roads..I mean we've talked it, you know... [LR152]

SENATOR FISCHER: I just need the person up the table to talk for the transcribing. [LR152]

KAREN ANDERSON: Okay, I'm sorry. Okay. [LR152]

SENATOR LOUDEN: Because I was just wondering, that's quite a deal because the state...if you want to add a road to the state, I mean, you "pert near" have to talk about assassination, you know, before you get anything like that. [LR152]

KAREN ANDERSON: We've got some in western Nebraska that, probably 10 cars, I mean there's some that don't have a lot of transportation on. And we've talked about them in the public hearings. [LR152]

SENATOR LOUDEN: Of course, then they probably don't have much maintenance if there's not very many. [LR152]

KAREN ANDERSON: Well, they do. [LR152]

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SENATOR LOUDEN: I see. And, of course, I agree with you on that Front Range. I mention that all the time. When I first went down to Lincoln in 2003, I pointed out to those people when we were talking about gambling or whatever, I always told them, I said, you know, there's suppose to be around two million people on the Front Range within three hours drive of western Nebraska. I said, that's two million people. You want to remember that Omaha is a mere village of 500,000. So this...I've been working at it now for seven years to get this Front Range deal going for western Nebraska and also, your transportation corridor. To me, that's very important what we work on. And I've tried to point that out, and I think we still can because the other day, at one of the Diplomat receptions, the Governor made the statement that those businesses that are there are that Diplomat, he said, you know, if you'll bring in 50 jobs it's unbelievable what incentives we can give you. Well, I thought, gee wiz, you know, if we build that transportation corridor across western Nebraska, it'd be way more than 50 jobs. It'd be hundreds of jobs probably involved. So, I think we have to sell that more than what we have. Up until...well even the last, one of the newer senators down there, when I talked to her about the Heartland Expressway, she had no idea what I was talking about. I mean, she was elected in and we've been drumming on it for seven years. So, as you guys have your Star Herald here that's a member of the World-Herald I would get on their case back there and have them go after it a little bit more. Any comment you would care to make on my tirade? [LR152]

KAREN ANDERSON: No. I'll talk to the Star Herald.. [LR152]

SENATOR LOUDEN: Okay. Well, thank you. [LR152]

SENATOR FISCHER: Other questions? I had a couple. I don't know if I heard which roads that you feel need to be closed. Did I understand you correctly that you suggested some roads to the department that needed to be closed? So, I assume they are state highways? [LR152]

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KAREN ANDERSON: In public hearings we have mentioned that before, and I don't have it right in front of me. But, there are some that are less traveled that if you go down the road 10 miles, that road is maybe for a few people. So, I think you need to look at the stewardship of the roads. And, I know that input has been given in public hearings and it just goes on deaf ears that no, we have to maintain this. I think there are some that could be closed. [LR152]

SENATOR FISCHER: I will follow up on that with the department to find out what the situation is. Usually, as Senator Loudon alluded to, the department would be happy to close roads or to give over the maintenance duties to a county. I have 13 counties and they're trying to get some...the state to take over some county roads and that does not happen, so, your comment interested me on that. [LR152]

KAREN ANDERSON: Well, I will look up the notes, too. I'm sorry I don't have those, but... [LR152]

SENATOR FISCHER: Oh, no, that's fine. You brought up partnering with cities, counties, and businesses that the state should do that. How, how should the state do that to bring in more revenue? [LR152]

KAREN ANDERSON: Well, in the expense of bringing out your Department of Roads people across the state, you do those public hearings every year, you have technology that you don't have to bring them here, but you also have cities and counties that have hearing rooms that they could hold the public hearing and do them electronically. I mean, that's a lot of travel time that you've done over, well the 12 years that I've been involved in it that stewardship of money...business doesn't always travel. Sometimes, they do it electronically. And, are they doing the public hearings just because they have to do the public hearings, because I don't know that I've ever seen a big difference in anything that we've ever testified on, personally, you know, because businesses had to

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do that. I don't know that government has done as well of a job as business has.
[LR152]

SENATOR FISCHER: That's another thing I'll check into, depending on public hearings if they...I know for school boards and things like that you can only have so many a year that are done electronically. So, we'll check into that. I know that I have two Department of Roads districts in my legislative district and the people...my constituents like them to come out to my area and have a public hearing. I...you wouldn't...so, you're saying you really don't want them to travel out here. You'd be happy to do an electronic public hearing? [LR152]

KAREN ANDERSON: You have your district commissioners that are there that could hold the meeting and you can do... [LR152]

SENATOR FISCHER: Right. [LR152]

KAREN ANDERSON: ...you know, because you're taking testimony. So, your stewardship of travel, I think you need to look at. [LR152]

SENATOR FISCHER: Okay. And you mentioned Ports-to-Plain and your group, the Chamber, belongs to that? [LR152]

KAREN ANDERSON: No, Heartland Express. [LR152]

SENATOR FISCHER: The Heartland Express belongs to that. And you mentioned grants. Now, does Ports-to-Plains give grants to members? [LR152]

KAREN ANDERSON: No, they have a lobbyist in Washington and I think we need to look at what other money could we go after and utilize that. I mean, our Heartland Expressway would be a partnership of business and government. You know, you

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need...I think the business is the key part because if you were business, you'd be out of business, I think, if you were government. [LR152]

SENATOR FISCHER: So, you're hopeful then to find more grant money in Washington, besides earmarks that our congressional delegation would bring? [LR152]

KAREN ANDERSON: I think what Appalachia did, I think we need to research that. Jerrod's much more versed and articulate about that than I am. But, it just intrigued me that the money that was infused there made a difference and I think we are the new Appalachia when you look at the stats for our corridor. [LR152]

SENATOR FISCHER: I appreciate that, because my legislative district, I have three of poorest counties in the United States. [LR152]

KAREN ANDERSON: Well, the stats are pretty mind boggling when you look at it. I mean, it impressed me when he presented it. [LR152]

SENATOR FISCHER: Okay, thank you, Ms. Anderson. [LR152]

KAREN ANDERSON: Thank you. [LR152]

SENATOR FISCHER: Senator Harms. [LR152]

SENATOR HARMS: Karen, I just want...I guess, I would be a little cautious about doing very much over the, you know, the web or communicating through technology completely. I think it is probably more cost effective. But, one of the things that I have found is the more opportunity you have to bring Senator Fischer and other people here, Senator Loudon is here on a regular basis, I have found that when you have an issue on the floor or in committee and they've been in our community and they've met people that are like...that are here, they have a sense of belonging to that and you get a lot of

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help from the floor because they have been here, they've talked, they've seen the people. I think we have to be...I don't disagree completely, but I think we have to be a little careful about how much of that we encourage because the fact that Senator Fischer is here, to me, I applaud her. The fact that the Revenue Committee is coming here the 28th, I can't remember the last time they were here. I think that's pretty important for us as a community. So, I'd just...I'd be careful how far we would go with that. The other thing I'd like, because I think it's important for us since we're talking about highways, let's talk a little bit about the Ports-to-Plain highway and what value do you see as far as the economy is concerned, and the fact that if this is developed appropriately for western Nebraska, we will be a much greater contributor to the tax structure of this great state, rather than a drag. Is that correct? [LR152]

KAREN ANDERSON: I think so. The thing that intrigues me about the Ports-to-Plains is if you line up all of those states with their congressional and senatorial, you have a much bigger voice. And I think, too often, we're just a little voice trying to say, hey, we need money. But, when you look at the bigger picture that it is, in fact, an international trade corridor, you know, not only in transportation, but wind energy. I mean, there's a lot of caveats with that and we're just beginning to develop that with Heartland, you know, we just joined the Ports-to-Plains this year. I mean they've been good partners, but now we're a member. So, I think we can capitalize on that. [LR152]

SENATOR HARMS: Karen, can you help us maybe better understand from your observation and your point of view, where does the great state of Nebraska fit into this and are we working together to accomplish this task, or are we still have lots of obstacles in there that's not allowing us to get this put together. I know they want four-lane from top to the bottom. Can you help me better understand that? Where are we with that issue? [LR152]

KAREN ANDERSON: As far as Heartland Expressway? [LR152]

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SENATOR HARMS: Right. [LR152]

KAREN ANDERSON: From my perspective, we've been a pretty weak link. I think, North Dakota was beneath us up until maybe the last year or two. They've had some...they have developed and infused a lot of money to develop the Theodore Roosevelt Expressway. But, I've felt we've always been the weak link along the way. South Dakota has their's almost finished. Rapid City Chamber of Commerce has had a lobbyist that's worked hard for that. You know, North Dakota has gotten on board and has staff, where we're trying to get there. Colorado, I think, are focusing on certain projects and they haven't stepped up to the plate and done actual roads. I think it's on their plan, but, you know, they're a part of it as well. But, I see the strength in watching Ports-to-Plains and how they work together and lobby can be pretty effective because look at how many voices that would be in linking them all together and strengthening our ties with South Dakota and North Dakota and Colorado, I think, is imperative as well. [LR152]

SENATOR HARMS: One other question and then I will leave you alone, okay. I don't mean to put you on the spot. [LR152]

KAREN ANDERSON: That's okay. [LR152]

SENATOR HARMS: I just have an interest in this project. Do we have this in our long-range plan for the great state for this highway development? The Ports-to-Plains highway, do we have it in our long-range plan? Has that been visible anywhere for the public to see that we are committing ourselves, as a state, to complete this project? [LR152]

KAREN ANDERSON: As a state? [LR152]

SENATOR HARMS: Uh huh. I mean, are we going to help fund this project? I mean, are

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we a part of this? What contributions do we have to make, as a state, to complete this project? That's a tough question. I'm not trying to pin you down here, I'm just... [LR152]

KAREN ANDERSON: Yeah. Well, when I hear from my colleagues, because I've been on the national basis for chamber, I always hear, when is Nebraska going to start to play, you know, and it's kind of embarrassing. And I know, it's always the song and dance you hear from the state and so, what do you want to take away. And, I think we really need to look outside of the box and make the long-range plan and I don't know that we have a long-range plan as a state. Our western Nebraska has stepped up to the plate and we've had a meeting with Highway 385 and let's work together because we need to do this. So, I think the partnership has really opened up our eyes. We took a bus trip to Lincoln and I think that made a difference. And, you know, I remember meeting you at a Chamber meeting saying, well, why would you need this? It's because there's an underpass in Kimball and we lost a distribution center to Cheyenne. Okay, that's money that we missed as western Nebraska. But, the education process to the eastern part of Nebraska's been frustrating. And, when you're western Nebraska to get to eastern Nebraska, you're talking two days time and travel when you look at stewardship of money and those are businesses that have been working for 20 years. You know, so now we're moving from grassroots to structure. And so, I think business has stepped up to the plate, you know, state needs to, too, but look outside of the box because it is moving everyone...we need to do something different, because it obviously hasn't happened in 20 years. [LR152]

SENATOR HARMS: Thank you. [LR152]

SENATOR FISCHER: The 20 year plan that was...when you come up early, see, we just on and on with questions. [LR152]

KAREN ANDERSON: Yeah, I hope the rest of you get these. (Laughter) [LR152]

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SENATOR FISCHER: But, the 20 year plan that was initiated in the late eighties, in order to pay for all the projects in that plan, the gas tax would now be at 35 cents a gallon. Our current gas tax is at 26.4. So, if our gas tax was at 35 cents, and the Legislature and the executive branch in the past 20 years had budgeted to meet the needs of that plan, all those projects would be completed. So what we're here today for is to find out how you want us to pay for all of this. And I appreciate where you're coming from on it. I'm from rural Nebraska. I can appreciate that. But, every place we travel in the state we hear, you know, about the needs of that particular area. And, and as Mr. Vaughan stated in the opening, we're in a preservation mode right now at the state level. If we do bonding, what's the revenue stream for that bonding? What would you suggest? [LR152]

KAREN ANDERSON: Well, again, I'm not as well versed on that, but there was a model that I think was mentioned, and I can't remember if it was from South Carolina, North Carolina, where they...and I think business stepped up to the plate as well, where they numbered and worked together, what's the priority. You know, that model was good. And I know from hearings that you were at before, you're cautious for bonding because you know some states are in trouble and I think we do need to go in with open eyes and be careful with what we do. But, that model was pretty intriguing because you had business at the table and I think maybe that's the element that, you know, is imperative. And the people, too, you know, you have to pay, you know, you can't take and not give. So, you know, it's a three-way street really. [LR152]

SENATOR FISCHER: I love our road analogies, don't you? [LR152]

KAREN ANDERSON: Yeah, yeah. [LR152]

SENATOR FISCHER: Other questions? Senator Louden. [LR152]

SENATOR LOUDEN: Yeah, I guess, there's something I would agree with you, Karen,

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mostly on the Heartland Expressway and all that. When you can say about not having these road people come out here, I would have to disagree with you because to me, there's a little bit of satisfaction of like when we had John Craig down here in Gering, you know, and we could kind of put him on the grill a little bit and ask him some tough questions that he didn't want to admit to. And, I always feel like when you're looking at a television set and trying to do that, it just isn't quite the same as when you have that person face-to-face. I, myself, couldn't support that. I think these Department of Roads people, I think they have to come out and meet these people. Find out once in awhile when some of them are a little bit irate about something, you know, then they can't just push the button and shut them off. So, I don't know if there's that much money saved. Those guys travel around the state anyway. Whenever John Craig came out for those hearings as they had them, he usually visited senators, he visited different like Alliance shops and on and all that stuff like that. So, it wasn't exactly a big expense. On the Heartland Expressway, that...here while back, I was working with Senator Nelson, or I was in Washington talking to him about this and we were working about this, where we're at right now on the Heartland Expressway with their logical termini. And he mentioned, you know, they go back there if our federal people get these earmarks, and if we don't come up with a match fund then, he said, they're knocking themselves out for nothing. And he told me, he said, you know, he said, unless you're sure you can get the funding, we're not going to do it. That grant that you talk about that Heartland, or that Ports-to-Plains gets, those people did that...South Dakota got it when Tom Daschle was what, leader in the Senate. Texas got a big bunch when Bush was President. So, I mean, it makes a difference to have that lobbyist in Washington for getting those grants. And, I don't think those were exactly earmarked funds. I don't know if they had to have a state match on that or not. But, that's been our trouble here is the Governor just gets, you know, quite upset when we start talking about earmarked funds and then he wants to know where you're going to come up with the match money, so. We have to...there's where your businesses and your local towns, counties, or something would perhaps have to come up and work on that match funding. Do you have any suggestions on that? [LR152]

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KAREN ANDERSON: On the match funding. Well, first of all, you talked about the meetings. I'm not saying, don't come out here at all, but you've got some city clerks that you could utilize, you know, when you bring people that there's resources here that, you know, there's probably a motel night, I don't know how many cars or whatever. So, I agree with you the face-to-face is good, but the stewardship of resources we have here in the community when you're having a meeting. As far as matching, I don't have the magic answer there, but I think we should look at what Appalachia did and how they got their money. And, I don't think that was all highway funding. It's a different source. And, like I say, Jerrod is much more versed than I am, but the research that he showed was pretty enlightening. [LR152]

SENATOR LOUDEN: Okay, thank you. [LR152]

SENATOR FISCHER: Other questions? Thank you very much. [LR152]

KAREN ANDERSON: Thank you. Thank you for coming. [LR152]

SENATOR FISCHER: Thank you for having patience with our questions. Next testifier please. Good afternoon. [LR152]

JERROD HABERMAN: (Exhibit 1) How you doing? [LR152]

SENATOR FISCHER: Good. [LR152]

JERROD HABERMAN: My name is Jerrod Haberman. J-e-r-r-o-d H-a-b-e-r-m-a-n. I'm a resident of Gering, Nebraska. First, I want to thank Senator Fischer for her dedication to this important issue. Highway funding is obviously going to be...something that's really been kicked down...the can down the road for many years and she's really just kind of finally said, hey, and bent over and is picking up the can. So, I really appreciate you

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taking this on. And also, for the opportunity not for just for us here to speak today, but to make these all around the state, not just have this a hearing where you have it in one or two locations because it is something that the whole state should have input on and I appreciate that you have approached it in that manner to get as wide spread of input as possible because the whole state needs to be involved in this so that there is some more ownership in this issue. And, I also want to thank Senator Loudon and Senator Harms, not only for their dedication to the Heartland Expressway, but transportation issues in general. I think sometimes there's a misperception about our representatives out here because they do put so much effort in the Heartland Expressway that there's a perception maybe that they care more about this state than the whole state. And, the time that I've known these guys, I can't say I'm close personal friends to them, but in a professional capacity, I would say, it's obvious to me that they care about the whole state. And, I think if we're going to be successful on this issue, we're going to need all 49 of our senators and our governors and everybody in Lincoln to care about the whole state and not just care about the projects in their region. I put a prepared statement because I have a tendency to ramble. This kind of keeps me on track a little bit. It is clearly an understatement to say transportation plays an important role for safety, mobility, and economic development. With this in mind, we are all fortunate that Nebraska has historically provided a strong commitment to improve the safety of roads throughout the state and enhance urban mobility. And, given the limited resources provided to them, the Nebraska Department of Roads has also implemented more projects to promote economic development than they are generally given credit. However, the insufficient level of funding provided for transportation development initiatives aimed at promoting economic development has prevented much of Nebraska from reaching its economic potential. As this under-investment has left rural Nebraska to operate with a transportation network that was basically designed for a 1950's economy. To provide Nebraska with an opportunity to fulfill its economic capabilities, the Legislature must not only provide sufficient funding to compete the Nebraska Expressway System that was started over 20 years ago, and there's been really no commitment to funding that, it must go even further and develop a transportation system

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designed for the twenty-first century economy which includes connecting our regional employment centers to neighboring metropolitan cities with quality four-lane roads, even if those neighboring economic engines are located outside of Nebraska. And I think that has always been one of the shortcomings of the expressway system, regardless, even in addition to the lack of dedication to fund it, is that it was almost like it was the internet where you're trying to tie into the lines, and if we'd just tied into I-80, then it'll create this highway network system. But we all know that economies go beyond state borders, they go across state borders. Out here, we're part of a larger Denver Front Range economy. So, I mean, you need to connect Norfolk not just to I-80, you need to connect Norfolk to Omaha and Sioux City, Minneapolis. You need to connect Scottsbluff not just to Kimball and the Interstate 80, you need to connect us to Denver. So, we need to look beyond the boundaries and create a network to be part of that twenty-first century economy because large metropolitan areas, as everyone knows, are the...a great economic growth engine for this country and so we need to be part of that. We need to eliminate high traffic at-grade rail crossing. A lot of people might question, what's that have to do with the twenty-first century economy. Obviously, distribution is becoming more and more important. In twenty-first century economy, supply chains are more important and they...since the Japanese have perfected it in the eighties and nineties, this country has moved towards a just-in-time inventory system. We've also had limitations on trucking hours. So, anytime trucks have to wait for trains, that hurts the reliability of that supply chain and that is often a common reason not to have development in certain areas. So, even like an overpass in let's say Thedford, Nebraska, impacts Valentine, Nebraska. Somebody might not come to Valentine just because of a delay on Highway 2. So, those are important. And, we also need to provide broader transit opportunities in our cities. With the cost of simply maintaining our roads projected to eventually overtake revenues, as we discussed earlier today, the Nebraska Legislature must not only take action to increase transportation funding, it needs to take bold action to create substantial levels of transportation funding. But, probably more important than deciding how to pay for transportation improvements is developing a strong commitment to find a way to pay for the transportation funding. If everybody had the attitude of Senator

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Fischer, I'd be quite confident that we would find a solution in this next Legislature, but we need many Senator Fischers down there who are dedicated to doing this. [LR152]

SENATOR FISCHER: Now, just a minute. There's quite a few people in this room, including these two that would, no... [LR152]

JERROD HABERMAN: Yes. Yes. And I... [LR152]

SENATOR FISCHER: ...that would say that you don't need more senators like Senator Fischer. (Laughter) I'm sorry, go ahead. [LR152]

JERROD HABERMAN: Okay. Okay. All right. But, merely transferring a couple million from this fund to that fund or raising a few million through this fund or that new tax is simply not enough. We need to find ways to raise hundreds of millions of dollars if we're going to create that system for the next, this twenty-first century, which we're already well into. With this in mind, to reduce the impact on Nebraska taxpayers, which is obviously going to be an issue no matter what approach you take. When raising revenues, I would recommend four basic principles. One, tax out-of-state persons as much as possible. Everybody does it to us, let's do it to them. Capture revenues that are leaving Nebraska. Third, revenue sources should be inelastic in nature so its new revenues aren't offset by decreased in demand. And fourth, make taxes more progressive than regressive so that there's a greater level of fairness in sharing the burden of the cost. Of course, there're other things that we can do than simply raising revenues. First, we could cut spending in other areas, but the reality is, and you've all been through this, that if you do this you probably will not unbind sufficient resources without exchanging transportation issues for some other issue. If you take it from HHS and you're creating health and human service issues. So, why that's always what people want you...I don't know, and I guess myself I'm speaking for, I understand that shifts one problem for another. Second, we can use our transportation dollars more efficiently. I think this is something that's really important. For example, we need to

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implement more transportation systems management in Omaha and Lincoln because we simply cannot afford to solve all of our urban transportation issues with engineering-driven solutions. In other words, we can't build our way out of every solution. Also, in regards to what Karen was saying, I think, as far as using our dollars more efficiently, what she was referring to as...I believe the Department of Roads needs to work with every district and have more input from the public on what our priorities are going to be. I think it's important to set what our priorities are going to be. And, for example, in our district if we think economic development needs to be a more important issue and I would never say you shouldn't maintain a road or certainly, if there's a dangerous curve or dangerous bridge, that should always have priority and the Department of Roads should always be able to say, hey, this safety issue should always take precedence. Their professional expertise should trump public comments in instances like that where there's obvious...their experience knows that that could kill somebody obviously, that should be first. However, when we're spending literally tens of millions of dollars basically to widen and upgrade two-lane roads that have a couple hundred vehicles simply so you can raise the speed limit from 55 to 65, it should be more the publics...more public input on whether that should be the priority or economic development initiatives should be the priority. So, setting priorities and using more efficiency. Third, we can increase revenues by growing the economy and that's one of the great things about transportation spending, it's often an investment that helps grow the economy. But given all that, the reality, as is mentioned previously, we are going to develop...ah, excuse me. If we're going to develop a transportation network that keeps us competitive in a twenty-first century economy, we need bold measures to significantly increase revenues. And there are, I mean, there are literally dozens of financing or revenue options available. I'm not going to sit here and list...I'm sure you're aware of them, so, I'm not going to do that. Some of the revenue sources I recommend include, first, I think probably the simplest first step would just be to index our gasoline and fuel taxes to inflation. And one of the good things about the fuel tax in Nebraska, especially with the high volumes on I-80 is pure and simply, many out-of-state travelers help pay for our fuel taxes. It's not all Nebraskans paying for our fuel taxes. One of

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the...really, one of the taxes in Nebraska that we get a transferred out-of-state residence more than any other tax. Secondly, Nebraska could bond a conservative portion, and I emphasize a conservative portion, not go hog-wild here, of planned projects which have a high certainty of being built. In other words, if we know we're going to build a railroad overpass in 2015 in Omaha, we have our six-year plans of budgeting set out. There is assurance in bonding that today knowing it's going to cost X. If we wait and you have an oil spike or some monetary inflationary spike, that project in 2014 could blow away the whole six-year budget. So, if you're...it's pretty much the same concept, if you know you're going to buy the house, you borrow the money. So, just because there are examples, like in California, where people use money irresponsibly to borrow houses they couldn't afford, that's not an excuse not to borrow money. That's a very lame excuse. There are responsible ways to bond and you can do it conservatively. And the great thing about it, is not only does it bring the benefits forward, does it increase revenue short-term, you can potentially, just as buying a house, it could potentially create long-term savings, and over a longer term, provide more revenues without any tax expenses, but it has to be done responsibly. And again, not bonding things we want to have, but things we already know we're going to build. Along this theme, Nebraska could join the majority of states that are using GARVEE bonds, which is you're aware grant anticipated revenue vehicles where you're borrowing against future government resources that you're going to have coming for you down the line, which you're aware of. Fourth, was probably something that would not raise a tremendous level of funds and is more of an example of a type of tax. Adding a fee to car rentals would be an inelastic mechanism on higher income out-of-state visitors. And, a way you could easily justify it is even though they are paying gasoline tax, the value of that road exceeds the tax they are paying. If they're paying a few bucks worth of gasoline tax, having that transportation infrastructure available in that state and development from the previous years of the taxpayers, they are getting a greater benefit, economic benefit, than what they are paying in gas taxes and other states have used the same justification. So, it's nothing original. Five, Nebraska could investigate the...and the legal counsel is probably going to go like this on this one, but Nebraska could investigate the possibility of

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supplemental gas taxes or corridor development fees that are dedicated to specific project improvements. For example, maybe Panhandle counties could approve a supplemental gas tax to build the Heartland Expressway or an impact fee could be implemented on interstate counties to pay for interstate highway maintenance. I do realize impact fees cannot be done in Nebraska without significant statutory changes, but that doesn't mean it cannot be accomplished. Other states do have development impact fees and I've heard of other regional corridor taxes for specific projects. So, it's just another possibility. Sixth, maybe the tool that has the greatest potential to raise hundreds of millions of dollars without increasing taxes on Nebraskans is to do what Iowa's doing. Iowa has passed an initiative to issue \$800 million in revenue bonds backed by their gaming revenues. Nebraska has at least a dozen revenues sitting just outside its borders serving Nebraskans and thus, the real irony is that while we sit here trying to figure out how to fund roads in Nebraska, Iowa is having Nebraskans pay for many of their roads. However, if this approach is taken it is important to do it like Iowa's doing and using their funds specifically for projects that would not otherwise be completed. If you just throw it into general funds, for one, it would have to obviously go through constitution amendment, the public is not going to support something they don't know what the funds are going towards. Just like last time. Whereas, the lottery, people knew what their funds were going to, it passed with flying colors. So you need to have the public know what the money is going towards, and that would recapture millions of dollars that are leaving the state and paying for other states' roads. Nebraska's lodging taxes are lower than many other states. A modest increase in lodging taxes are not likely to decrease lodging tax revenues. As evidence of this, when counties were provided the ability to double their lodging tax rates, many counties saw their lodging tax revenues increase by more than 100 percent. Its highly inelastic, so it doesn't decrease demand. And I go to some places, they get charged 15 percent or more and you just pay it. So, we go out-of-state, we're paying more than 15 percent, they come here and they're paying what, 5, 2 percent in some places, or 4 percent, I mean. So, that's one. Nebraska could thus explore a lodging tax increase to either directly fund transportation improvements under the same premise of the rental car owner where even though

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they're paying gas tax, the economic benefit to have that system being there exceeds their gas tax contribution for their trip. Or, you could indirectly increase gasoline taxes through increasing tourism, marketing, and development, or tourism development in the state through increasing the lodging taxes and doing more marketing. Eighth, Nebraska should also explore auto registration fee. While there are some people here that could testify they already pay hundreds of dollars to register their vehicles, the vehicle I drove today cost me \$28.50 to register. Maybe Nebraska could raise funds by simply flattening the backend of that curve, so I'd have to pay a little bit more towards contributing to roads than Steve over here does. However, it should be noted that this could place a greater burden on low income residence, especially fixed income elderly persons who tend to have older vehicles and so, that would be something I would, I would be hesitant to do because of that unless you have some kind of exemption for elderly persons on fixed incomes. Ninth, Nebraska should pursue public private partnerships for new projects in urban environments and this could be a range of opportunities anywhere from doing design build where the private sector is doing the design as part of the contract or tolling roads. However, with tolling roads, obviously, that only works in urban environments. And also, I find it a bit humorous sometimes when some people who would die if you raise their gas tax 5 cents, they're willing to pay toll roads, but yet, like when I go to Denver, doesn't take me a gallon of gas to go on the toll road and I'm paying \$4.00. Calculate that per gallon as a tax and you use like...it's a lot cheaper and more convenient to just tax me at the pump than paying me \$4.00 per gallon tax, is what you're doing. That's just an extraordinary tax on that. And then, I forgot to write this down, so I'm glad Karen brought it up. Number ten would be a commitment from the state to either match earmarks and have a dedicated pool for transportation earmarks and also, to support the creation and development of regional commissions so that if our senators...we're in this triangle out here where most of the Heartland Expressway that remains is on the plan nonprogram expressway system. When Kingsbury put that in as part of the Highway Commission, the policy was basically, if you want to get this money for the Heartland Expressway, or Highway 35, or Highway 75 you have go get a federal earmark. So, that state's telling us, we have to go

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get an earmark. So, we go get an earmark and our federal delegation's saying, yeah, we support this project, we'll do it, but the state needs to match it. We get it and then we get growled at from the state essentially for going and getting that earmark, because then we're dictating state policy when state policy is dictating that. So, it's kind of do this, but don't do it. So, what are we suppose to do. So, it's really frustrating. So it'd be great if there was some type of pool established. I know a couple of years ago you had special legislation to provide funding just for earmarks. It'd be good and helpful probably for our federal delegation if you had a preestablished pool so they don't have to go through that circus essentially, is what it ended up being. So, it'd be highly beneficial. But to summarize, all the ideas and suggestions in the world will not matter if the people in Lincoln are not committed to finding a realistic, sufficient, long-term, and sustainable solution to Nebraska's transportation funding issues. And again, I'll reiterate, that's why I'm highly appreciative of you taking the initiative to make this a priority and we're going to have to have that well throughout the state to do this, so thanks. I rambled a little longer than I thought. [LR152]

SENATOR FISCHER: Thank you very much. [LR152]

JERROD HABERMAN: You're welcome. [LR152]

SENATOR FISCHER: Could we have a copy of your testimony? You had so many ideas I couldn't keep up with notes. [LR152]

JERROD HABERMAN: Sure. And like I said, I didn't have my last one on there. [LR152]

SENATOR FISCHER: Okay. Are there questions? Senator Louden. [LR152]

SENATOR LOUDEN: Yes. Very good, Jerrod. And of course, as you said, you and I have been around to some of these Ports-to-Plains and that sort of thing and a lot of this, I certainly agree with you. We've had quite a little discussion on this registration

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fees. And, of course, part of the registration fees is when you talk about that vehicle tax and some of that, is...that's local revenue, is what it is. I mean, that's decided and doesn't have anything to do really with our Highway Trust Fund because we don't get any of that money. I think the \$15 you pay, I think that goes into the state Highway Trust Fund... [LR152]

JERROD HABERMAN: Yeah. [LR152]

SENATOR LOUDEN: ...and I think \$1.50 of that even goes to recreational roads. And that other \$5.50 you pay is...what is that, I think that goes to the DMV gets \$1.50? [LR152]

JERROD HABERMAN: Yeah. [LR152]

SENATOR LOUDEN: I think your EMT's get 50 cents out of that. Recreational roads get \$1.50 out of that. And then the county gets \$1.50 out of that. I mean, you know, that's all pretty well divided up. And then, of course, then your taxes comes on there is mostly city-county. Now, you're right, I always use my Mom's 1980 Oldsmobile that I have that doesn't have that many miles on it, but no, I forget what, \$20.50 or something like that is all I pay on it. It's 14, past 14 years old, so the tax went off of it. If we did put a tax back on that, should that money go to the Department of Roads, or should it still just be county level tax, because see some of that goes to schools and some of it, you know, that's all divided up? So... [LR152]

JERROD HABERMAN: Well, ultimately, that'd be your guys decision. But, what I would recommend is and when I was suggesting is to have additional small fee added to registration because, I mean, just for an example, if you added \$10, it'd be a very small percentage of the newer cars overall fee. But, it'd be...percentagewise, it'd be a significant increase on what people drive older vehicles so you're contributing more to the roads for that vehicle. And that would then, essentially, flatten the curve out because

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you wouldn't be going straight down, you'd flatten out as you got towards the bottom.
[LR152]

SENATOR LOUDEN: Now, we had testimony yesterday, well from Larry, Larry Dix...
[LR152]

JERROD HABERMAN: And a lot of people probably wouldn't agree with me on that, so.
[LR152]

SENATOR LOUDEN: No, he mentioned, add \$10 to it. [LR152]

JERROD HABERMAN: Yeah, that's what I was thinking. [LR152]

SENATOR LOUDEN: There's supposed to be 2.2 million vehicles, I think, is what he had on the road. So, it'd be \$22 million if you put just a flat \$10 registration fee. Do you think that would be a problem? I guess where we'd run into problems is when you get to the city of Lincoln that's got \$49 wheel tax already on their vehicles. In the rural areas, I mean, yeah, with my Mom's car, hell, another \$10 won't make any difference on that part. Do you think we could sell that statewide, an extra \$10 on the registration fee?
[LR152]

JERROD HABERMAN: Again, it comes down to the commitment the state has. I mean, the bottom line, you have to pay for it somewhere and sometimes you look at it and you say, okay, we're going to shift this money from this to that and it's like, it's like you're looking for this magic tax out there that nobody has to pay for. Eventually, somebody has to pay for it. And that's why, I think like the four principles I laid out, as much as possible, I mean, you can't solve this problem with any single thing that I laid out, but I think we need to, you know, again capture revenues that are leaving the state. Tax out-of-state people as much as possible, because they do it to us and we're not doing it to a level they're doing to us. And, I don't think anybody would bat an eye about it. So, I

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would actually put that as probably one of my lower priorities and probably last gasp of things if nobody's going to come up with anything, here's something. But, I wouldn't make that necessarily a priority and... [LR152]

SENATOR LOUDEN: Well, agreed and that's what some of the testimony we've had the last few days, you know, like I said, you can't drive across Nebraska on Interstate 80 without probably gassing up once. And if we put a gas tax on, we'd have more outside people helping us pay for it. If you put a... [LR152]

JERROD HABERMAN: Yeah, that's internal. [LR152]

SENATOR LOUDEN: ...tax on your registration, why, that's local people paying for it. And therein is where you weigh what you think will work best. [LR152]

JERROD HABERMAN: Yeah, exactly. Although, as mentioned earlier, rural people drive more miles and use more gasoline than urban people, too. So, it'd help shift more onto urban things, especially since more of the development projects are going there. And probably as part of that, have that money dedicated towards new development. Again, I would suggest on any new tax that there'd be a dedicated purpose for it, so that it's just not going to a general fund. It's easier to sell public support on anything if people know what the money is going towards. If you say we're going to raise your fees on your registration \$10, people aren't going to be happy. If you say we're going to raise your registration \$10 and this is what you're going to get for it, people still aren't going to be happy, but they'll be a little more accepting of it, so... [LR152]

SENATOR LOUDEN: In other words, if you earmark it either for expressway system or capital... [LR152]

JERROD HABERMAN: Yeah, something like that. Something that wouldn't be done otherwise. [LR152]

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SENATOR LOUDEN: Now, another problem I, and we've had people discussing bonding, you know, and that could be because the Department of Roads has authority to do \$50 million worth of bonding now and they finished the interstate with a \$20 million bond. But, I'm wondering where we're setting out here at the end of the pipe, you might say, if we set up some system because I remember Senator Mike Friend was a great one that he introduced legislation, we'd do bonding and that sort of thing. And, I'm wondering when I got down there a couple of years ago in Omaha they spent \$144 million for two miles of expressway, you know. If we bond that, what makes you think that we'll get any more out of it then what we're getting out of the system that's here now. I mean, how can we...how can you put anything in there to guarantee that that money will going to be spent all around the state, rather than one shot downtown or someplace? [LR152]

JERROD HABERMAN: Well, again, I think it's important that we don't get too parochial as a part of this and that. Obviously, if they're going to build that project there anyways, I guess, theoretically, is one more thing out of the way. And, whether that gets to us or not out here, I guess that's not going to be any different, but the possibilities are greater if you're able to complete that sooner and cheaper and move the benefits up and creating more development, even in Omaha, is going to help us. So, I think, again, you can't guarantee that necessarily we're going to have a specific project here out of that, but at least the possibilities are increased. And, again, I don't think we want to be too parochial about solving this funding issue because it's something that's going to impact the entire state. [LR152]

SENATOR LOUDEN: I would pose one problem then for you. They've asked for stimulus money to finish the interstate, the six-lane interstate from 56th Avenue to Waverly. I mean, that's been asked. So, that's what they want to get done. And that's, my understanding is maybe when that's done, then that six-lane interstate will be done. Then you would support floating the bond and finishing up that interstate, that six-lane

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interstate so that maybe the rest of us could start getting back to living normal or getting some of our construction done, is that... [LR152]

JERROD HABERMAN: Well, if it's going to save the money, and potentially save the state money and not put us in liquidity, a possibility of liquidity crisis at any point, then I guess personally support it. If it's going to save the state money, it helps everybody. [LR152]

SENATOR LOUDEN: Okay, thank you. [LR152]

SENATOR FISCHER: Any other questions? Senator Harms. [LR152]

SENATOR HARMS: Jerrod, it's evident that you given quite a bit of thought about this question, and it doesn't surprise me. If you were...if you had the opportunity to choose one of these, to really fund the roads, what would you choose? [LR152]

JERROD HABERMAN: Well, I'd choose the one that would take a constitutional amendment. So, my personal opinion wouldn't matter too much. But, I would probably push to at least have a limited number of casinos. I know there's, at one point, there's a scenario out there to have casinos that basically shadowed existing casinos, because the reality is, in any economic situation where you're talking alcohol or anything, you can't solve the man-driven problem by eliminating the supply side. It doesn't work at White Clay. It doesn't work with casinos in Nebraska. Now, we're going to have more along Kansas border. You look what Iowa is doing, they're using those revenue bonds. A very conservative portion of the revenues are supplying an \$800 million bond. I mean, how many...I mean, we could complete the state expressway system and then some with that kind of money. And again, Nebraskans are paying for that in Iowa. And regardless of what you think of gambling in casinos, Nebraskans are gambling...it probably would hurt our out-of-state airport boardings a little bit, because we wouldn't have all these casino planes flying out of Scottsbluff. Or, hurt the gas tax, all the buses

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we have coming out of Scottsbluff here going to all these trips to Rapid City and to Colorado. But, that's the one I would choose just because it wouldn't raise taxes and it'd recapture funds that are leaving the state. And, I would do it in a very regulated manner. I wouldn't just go whole hog and have them all over the state. I would probably, if anything, promote at least, like at a minimum, the shadow proposal that was initially done. Have them in Omaha at the very least just so we're not contributing to Council Bluffs, although that ship may have sailed now but, because of all the investments they already put into Council Bluffs. As soon as the last one, I think, was defeated, I think the next day in the paper they announced over \$100 million in expansion in Iowa. And also, it's kind of interesting, when that gambling group first started, Gambling with the Good Life, they were originally funded by Iowa casinos. Many people aren't aware of that, but that's who funded their effort. [LR152]

SENATOR FISCHER: I'd really like to thank you for putting all your thought into this testimony today. You've given us a number of ideas. I would like to follow up on a few, if I may, though with you. What you were just talking about, the gaming. And earlier in your testimony, you said it would take bold action to pay for transportation funding. You know, we have to raise hundreds of millions of dollars. When we raise the gas tax a penny, that's about \$12 million. For a mile of road, if you're talking about the Heartland Expressway, my guess is, you know, could be anywhere from, you know, \$4 million to \$8 million for a mile a road. So, that's not much there. Are you aware that there was a bill in the Legislature last year and it is still in the General Affairs Committee dealing with gaming and a portion of that money would go to roads? [LR152]

JERROD HABERMAN: I was fairly...I was aware that something was brought up, but not on the status of it moving anywhere. [LR152]

SENATOR FISCHER: It's still in the General Affairs Committee and I co-sponsored that bill. [LR152]

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JERROD HABERMAN: Oh really. [LR152]

SENATOR FISCHER: I'm no fan of gambling whatsoever, but this bill would have allowed slot machines at racetracks, after a vote of the people, to approve it. And, by a conservative estimate, it would raise about \$80 million for roads. I think that was worth discussing on the floor of the Legislature and worth having a vote of the people. But, it didn't get out of committee. You might look into that for next session. [LR152]

JERROD HABERMAN: One point to bring up then is we do have gambling in Nebraska. And the irony, another irony other than were paying for other peoples roads, is that they types of gamblings we have in Nebraska are the least beneficial to consumers. The types of gamblings that have the worst odds for consumers are lotteries, scratch tickets, bingo, keno, pickle cards, raffles, we allow the things that are bad for consumers. The things an educated gambler can win at, sports gambling, poker, blackjack, we don't allow. We're anticonsumer when it comes to gambling. Also, there have been studies done that have shown people that participated in poker, blackjack and sports betting have above average education, above average incomes. Whereas, people that participate in kenos, lotteries, and more games of chance, tend to have lower incomes and are least able to afford those games. So, I think there's a lot of hypocrisy in the approach Nebraska's taking in it's gaming. [LR152]

SENATOR FISCHER: Well, not to get off on the gaming part. [LR152]

JERROD HABERMAN: But that's related to this, so. [LR152]

SENATOR FISCHER: Exactly. And I just wanted to give you a heads up that there is a bill still alive in the General Affairs Committee that, I think, goes a long way in solving revenue problems we have for roads. [LR152]

JERROD HABERMAN: I would emphasize with that, though, again stress to the public

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specifically what they would get. [LR152]

SENATOR FISCHER: Exactly. [LR152]

JERROD HABERMAN: If you're just going to throw it in the general funds, then it's like Senator Louden said, how do we know we're even going to get anything. So, I think that's important... [LR152]

SENATOR FISCHER: Well, and this did define it. [LR152]

JERROD HABERMAN: ...because you need to have some societal benefit offset the societal cost of it. [LR152]

SENATOR FISCHER: You also, you know, made a couple comments that I took that you felt too much money was going to Lincoln and Omaha with funding, and I asked my legal counsel to give me the figures this year. But, this area here, Scottsbluff, is in District 5... [LR152]

JERROD HABERMAN: [LR152]

SENATOR FISCHER:with the Department of Roads. And, you are a third in receiving money for projects for this... [LR152]

JERROD HABERMAN: For this one...in a one year snapshot. However... [LR152]

SENATOR FISCHER: If you'd let me finish, please. [LR152]

JERROD HABERMAN: Okay, sorry. I thought you were done. [LR152]

SENATOR FISCHER: Oh, no, I'm never done. I just keep rambling. (Laughter) But, you

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know, Lincoln and Omaha, yes, they're at the top. Omaha is \$86 million and District 5 here in Scottsbluff has \$70 million, but most of the funding in Omaha and Lincoln, those department districts is going for the capital improvement at the Interstate 80, where the majority...well, the highest money amount of funding for your district here is for the Kimball Bypass. [LR152]

JERROD HABERMAN: Exactly. [LR152]

SENATOR FISCHER: With the allocation fund, with the Highway Trust Fund, there is a formula out there that divides it up and cities get a certain amount, counties get a certain amount. You know, as chair of this committee, I hear from the Lincoln mayor, I hear from the city council in Omaha that they don't get enough. And, they believe that their citizens are buying most of the gas because they have most of the people in this state and they should have a bigger percentage of the funding to go there. I have rather firm discussions with them on that because I don't agree with that. But, that's something that I think rural Nebraska needs to be aware of that the pressure to change that formula may happen in the future, especially with larger metropolitan areas trying to change that balance between what cities get and what counties get out of the allocation fund. And...but I did want to clear that up. You know, it's... [LR152]

JERROD HABERMAN: Well, I would like to address those. [LR152]

SENATOR FISCHER: Certainly. [LR152]

JERROD HABERMAN: First of all, with what Omaha and Lincoln are saying, they're saying, we collect this much and we're only...percent of the gas tax, we're only getting this much. Therefore, our citizens are paying for it. We know, being in rural Nebraska, it's very misleading. But that argument...basically, if you drive from Lincoln, you fill up in Lincoln, you stop in North Platte, you fuel and go to Denver. The only places that should get roads...money for roads in North Platte and Lincoln. That's ridiculous. How many

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people...let's say you live in Syracuse, Nebraska, you work in Lincoln. You drive to work. You're filling up in Lincoln. You're going back home. All the money should go to Lincoln? That's ridiculous. And that's the argument they're making. As far as...and you pointed out, you can't look at a one year window when we have one big development project in our district this year, you have to look at over a ten year. And, I'm more concerned not with what has happened, but going forward. My understanding, and you can correct me if I'm incorrect, is that the Highway Commission is putting forward, and I don't know if it's passed or not, I believe it has, but I'm not going to say it has, but at least been discussing a new priority system where the first bucket goes to maintenance. The second maintenance bucket, if any money is left, then it goes to Missouri River bridges, and those make sense. If anything is left it goes to Interstate 80. Obviously, that's benefiting Omaha and Lincoln and all of Nebraska, but more towards them. And then, if anything is left, it goes in the bottom capital improvement bucket. My understanding is that the formula for that has an extreme urban bias where it's based on traffic and safety issues, which are multiplied by traffic and the top, I believe, 23 projects that would then be funded of any money getting down to that or in Omaha and Lincoln and I believe one in Hastings. But, I have been told by people following this and looking at the numbers that you probably wouldn't foresee a rural capital improvement project for many, many years, under this proposed system. [LR152]

SENATOR FISCHER: I can tell you.... [LR152]

JERROD HABERMAN: And you can clarify me if I'm misinterpreting that. [LR152]

SENATOR FISCHER: First of all, I can tell you that there won't be any capital improvement projects in another year or two here in the state the way we are facing highway revenues. [LR152]

JERROD HABERMAN: Yeah, exactly. [LR152]

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SENATOR FISCHER: Secondly, yes, basically you have the priority system right. I guess I...short answer, I know we're going on here too long, but what would you change about the priority system? You mention...I mean, I think safety should be the first consideration when we look at any road maintenance or road construction. I think preservation of over \$7 billion investment that we have in our roads, should be a priority so we don't watch that fall apart and have to take care of in the future. I think Nebraska's been a very good steward of maintenance on roads. You mentioned traffic counts. I think those are important because when you look at congestion, and I'm speaking as a rural person here, you may not think so. But, I'm speaking as a rural person here. You mentioned in your testimony to look at economic development and have each district set priorities. How do you decide that? Do you have public meetings? And the people who come to a public meeting, whatever they say, they get to do it. Are you going to have a vote of the people to decide what that district priority is going to be? Because there again, you just as the Department of Roads, along with the Governor, set priorities for that department, and people question those, you know. How do you decide who is going to be the spokesperson for a district in order to do that? I know the senators up here, we hear from constituents and most of the time, it's from the ones that aren't happy about a situation. You have to balance that with the people who support a situation and maybe aren't as vocal and use your own judgment. So I, I wasn't going to take up anymore time, but I am curious on how you would set that priority. [LR152]

JERROD HABERMAN: As part of the SAFETEA-LU bill, there was a provision in there that a depart...where right now, with metropolitan planning organizations and the state Department of Roads, they have to have active consultation. There's also requirement in there that it wasn't very...it was just vaguely worded that they had to consult with rural areas on transportation improvements. The consultation process is basically, here's...that we have, is to go out, have their public hearing. Say this is what we plan to do. Anybody what to comment on it. That isn't to me consulting, that's telling you what have to do, you have any comments on it. That's a public hearing. To me, consultation is what they do in Colorado, is what they do in Missouri, is what they do in Arizona,

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where they have Regional Transportation Advisory Commissions. It's just basically be the equivalent of a planning commission for a city. And that's what they do...Colorado. You can look at Colorado as a model. You don't have to invent one. And basically... [LR152]

SENATOR FISCHER: I wouldn't pick Colorado for a model with their roads. [LR152]

JERROD HABERMAN: Okay. I mean as far as the rural commissions. They do have consultation with the rural areas. Its just they don't have any money. So, but...or don't use Colorado, use Arizona then. Use Arizona, pick your state. But, it's done it other states where there's a consultation process similar to the process Nebraska has with MAPA. And that's basically what I would like to see. And there is legislation being proposed for this next Transportation Efficiency Act that there are people that want that mandated, as it is, with MPOs to be with regional organizations. So, it might be something that they may be required to do if that passes in the next bill. So, basically, that's what I was looking more towards is the consultation so there's more input in our suggestions and ideas. Obviously, their expertise carries a lot of weight and I would never say that it shouldn't. Secondly, on your first question you're asking with that model, what I would change about it. I think the model itself makes perfect sense, just like you said. The problem is when it gets to that bottom bucket, the way the priorities are set on have to spend it. And one thing I suggested with our regional highway commissioner and he made...proposed this to the Highway Commission and it was shot down. And, I just thought it was completely unreasonable. Is that basically stating, yeah we acknowledge that urban areas have more expensive and a high volume of needs. And we will acknowledge that that even though you only have half the population in Omaha and Lincoln, you may need more than half the money for, and this is in addition to what they are already getting as their entitlement funds that we don't get out here. You have higher and more expensive needs. You can get a majority of the money, but at least reserve 20 or 25 percent of the capital improvements for rural Nebraska so we get something, because while you have important needs, our economy is important to

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Nebraska, too. And while 50 percent might be too much for rural Nebraska, you can't tell us paying taxes out here that we deserve nothing. And that's what they're saying, we deserve nothing. And that isn't right. We should at least get...set aside for rural Nebraska or set aside to complete the state expressway system. And, I'm not even asking for 50 percent or 40 percent, I'm asking maybe 20 or 25 percent if there's even anything in that capital improvement project. But really, it doesn't even matter until we resolve this issue. I mean, we have a lot of people talk about Heartland Expressway today. It doesn't matter if we don't resolve this issue. None of it matters. So, I guess this is step one anyway, so. [LR152]

SENATOR FISCHER: This is step one and the three of us up here, you will always hear us in committee and on the floor stress that rural Nebraska and agriculture drives this state. And, we are three strong supporters for rural Nebraska and for agriculture. And, I have found that the majority of my colleagues, whether they are urban or rural senators, they do acknowledge that, but they have interests to represent too. [LR152]

JERROD HABERMAN: And along that line, I think what's important when earlier asked, what's the significance to the Ports-to-Plains project and I wasn't even going to discuss this because again, until we resolve the funding issue, it just doesn't matter. But, when you mention agriculture, if you go back to 1976... [LR152]

SENATOR FISCHER: Now you have to make this one short. [LR152]

JERROD HABERMAN: Okay. I'll make it real short. But only 7 percent of our products were exported to Canada and Mexico, now it's over 25 percent. So, there's more of a north-south bias towards exporting our agricultural markets. But yet, the infrastructure through the heartland of America isn't connected to Canada and Mexico. So, that is why it is important from a national perspective and the agricultural industry's perspective. [LR152]

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SENATOR FISCHER: Thank you. I'm not going to allow any more questions, because I've taken up too much time. Thank you very much, appreciate it. Next testifier, please. Good afternoon. [LR152]

JACK BAKER: Good afternoon. My name is Jack Baker. I'm here today representing the American Council of Engineering Companies in Nebraska and I'm also a Scottsbluff resident. We appreciate that this committee has convened for these interim studies. It shows the importance of this issue and that it really can't be ignored any longer. You know, times are tough. There's a fundamental need for adequate transportation in the state and it transcends every facet of our lives and to ignore it, would really put us at a distinct disadvantage. Right now, our transportation is not keeping up with ordinary demands. Our funding system is producing flat to declining revenue for roads, while at the same time, inflation is eating away at its buying power. We need to develop funding mechanisms that provide the needed funds to meet an agreed upon goal. Such a plan must be sustainable and adaptable so that the road funding does not become an annual legislative battle. We need a stable twenty-first century funding system. Right now, the Department of Roads doesn't have the adequate funds even to maintain the current system, let alone embark on capital improvement projects. And the expressway system is a prime example of a project that's basically indefinitely on hold. When you look at just a few different projects over the next several years, you look at the expansion of I-80 to Grand Island, the completion of the expressway and widening of additional two-lane highways that maybe are not on the expressway system, but that are overloaded or have higher accident rates, you're looking at a need of \$1.5 billion to complete those three items. And stretch that out over eight years, you could argue that they're all necessary now. So let's say that we complete them in an eight year window, that's a \$187 million per year in additional funds above and beyond what we're spending now. So, it doesn't even begin to touch the local needs which could exceed another \$300 million. So, the need is huge and clearly we need new tools in the toolbox to fund transportation infrastructure. Options need to be explored to provide both short-term and long-term sustainability. First and foremost, the Highway Trust Fund must remain

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intact. We need it to protect our current system of a variable gas tax. However, the variable gas tax system really does nothing more than to ensure that we deliver what we said we would do when we set budgets. It's intended to be a periodic minor correction to account for inherent variation in projecting gas tax receipts. It does work and it's the envy of 49 other states that don't have it. We would oppose any discussion of eliminating the variable gas tax. As important as it is to our system, now is the time to consider implementing new forms of increasing revenue for funding in Nebraska. Bonding is a tool that would offer alternative financing, but only if a new dedicated revenue source is identified. Diverting funds from the current gas taxes is just robbing Peter to pay Paul. Bonding would be a hedge against future construction-related cost inflation that could further delay critically important projects, would accelerate the completion of economically important projects across Nebraska. Currently, construction inflation is basically outgoing the funding source that derives its revenue from a dwindling base. You look at miles per gallon is going up, as it should, but that means less revenue per mile travel. And then, our current economy, the miles of travel are flat or even dropping right now. Unfortunately, the long ignored underfunded roadway system needs have not vanished. So, the buying power of the penny today is about half what it was in the 1990s and the inflation rate of transportation has far exceeded the general inflation rate of growth and...excuse me, of growth and transportation revenue. Bonding at low interest rates would provide a safeguard against impacts of inflation on transportation budgets in the future and this tool is used in 42 other states and has proven to be very successful when it's done properly. In addition to bonding, states are looking at other forms. You mentioned Iowa earlier. Iowa, for example, did this through their TIME-21 Initiative which sets the stage for identifying Iowa's transportation needs and looked at adding new revenues through increasing vehicle registration, a severance tax for ethanol, creation of transportation improvement districts, tolling and public and private partnerships. All of these have been tossed out in previous discussions. Many of these solutions have been implemented and they're resulting in tens of millions of dollars annually for the state of Iowa. We must consider innovative funding solutions, moving from a variable gas tax to a fixed gas tax is not the answer. Strong

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consideration should be given to a gas sales tax or increase in expanded vehicle registration fees, or other more stable sustainable approaches. We should look at rediverting transportation derived revenues from other sources back to the Highway Trust Fund. Legislative approval for local general sales tax would help our local communities and counties care for their roads. At a minimum, the gas tax should be indexed to buffer our budget from the effects of construction and inflation. And very simply, we just need much more investment in transportation and the heart of the solution must include new revenue streams and bold leadership. There's really no bold...you know, no one solution that I can say that is the answer. There's no easy solution, but it's clear that action needs to be taken and it is not something that can be put off. So, you know, transportation needs time to develop. It needs long-term planning and study investment. It can't be subject to annual general fund political decisions. It needs to be certain so the planning can take place. And your predecessors saw to it that transportation funding system was dedicated and flexible and we urge you to take new innovative steps now to move Nebraska's funding system into the twenty-first century. Thank you. That's my statement and I'll be glad to try to answer any questions that you might have. [LR152]

SENATOR FISCHER: Thank you, Mr. Baker. Are there questions? Senator Louden. [LR152]

SENATOR LOUDEN: Do you know a Reed Miller? [LR152]

JACK BAKER: No, I don't. I know who he is, but I do not know him personally. [LR152]

SENATOR LOUDEN: Okay. I thought I would just ask that. Yeah, it's very intriguing, you know, to do bonding along with it. And yeah, if we can figure out a way to make it pay for, I agree that's probably an alternative to get something done. We have to be very careful because I remember here a few years back, we were going to some of these conferences and Michigan was the one that had done bonding and then they never did

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appropriate enough money to really service those bonds. So what were they doing? They were selling their whole highway system to some Australian corporation for what, \$3 billion and they figured that that corporation was going to make \$11 billion off of it, you know. And I mean, it looked like to me they were getting from one problem into another one. And I guess, that's what's always...first thing I always think about is Michigan when we talk about bonding. Yeah, I agree with your remarks and we heard from Reed Miller yesterday. [LR152]

SENATOR FISCHER: Other questions? I have none. Thank you very much for being here today. [LR152]

JACK BAKER: Thank you. [LR152]

SENATOR FISCHER: Next testifier please. [LR152]

RAWNDA PIERCE: I'm going to keep my sheet and give it to you after...I wrote notes on it. [LR152]

SENATOR FISCHER: Good afternoon. [LR152]

RAWNDA PIERCE: Hi. My name's Rawnda Pierce. I'm the director of Twin Cities Development, the economic development group that serves Scottsbluff-Gering, Terrytown and from Mitchell to Bridgeport, basically, or Morrill to Bridgeport. [LR152]

SENATOR FISCHER: Could you spell your last name? [LR152]

RAWNDA PIERCE: Probably, my first name would be more important. It's R-a-w-n-d-a, Pierce, P-i-e-r-c-e. I'm going to just offer up some simple comments. Basically, I think we do need to look at keeping or even possibly raising the gas tax. I know that's not a popular thing to say, but I think if everybody paid a little bit more, we would gain a lot

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more. I think the comment about that a lot of it's paid by out-of-state people is true and I think the gas tax is something that we should at least consider looking at and increasing. It's not a big amount, but it'll help. Comment about the gambling situation. I've said for the last five years, I think if they turn the Kearney Arch into a casino, it'd make the biggest attraction you'd ever see on that interstate. I'm going to stop right there. So, I think that could be a possible attraction. They could still have the old west theme and they could change it out and it could be really, really a neat opportunity to gain a lot of money. I think a tire tax. I heard the car registration fee. I think a tire tax fee...I know you have a disposal fee. The people who drive the most, have to change their tires the most often. So, what about attaching it to when you buy a tire, you have a tax that goes towards road improvements, then people who use it the most will pay the most. The Heartland has been brought up several times. I think we need to look at the big picture that when you increase demand and you bring in more opportunities, more trade, more corridor of wind, oil, agriculture products, you're going to bring more revenue in as well. So, I think you can see that not just as an expense of building the road, but a revenue long-term. This may not be very popular, but I think we ought to look at a sales tax on food. I think on, not on all items, but some food items that normally maybe wouldn't be taxed that could bring in a large revenue to the state. And maybe it's a two or three revenue, but I think it's something that I don't think it's been brought up and it may tax different people at different rates, but everybody's got to eat. So, it would help pay a lot. I think we should tax the trains that come through the state more heavily than we possibly do. They don't use our roads, but they stop us. They delay us. They cause us headaches and money. So, I think they could help pay for that. When Karen was mentioning shutting down roads or something, I think what I mean is we need to look at minimum standards are lower traffic count roads and do we really need the full shoulders on those roads that only get 200 cars a month, or whatever. So, is there a possibility of having a tiered formula for roads that we could look at, you know, if the traffic is X, the standard is this. If it's Y, the standard is a little bit higher. And, it'd still be a safe road, but, like I think Jerrod mentioned, maybe the speed limits a little bit lower there. And then the final thing that I want to say is just possibly looking at more

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efficiencies in state government that we could transfer money from one area to another. An example that...is the Health and Human Services did a bid clear back in April that we submitted for, for a consolidated state center. That was supposed to be announced in July. I think they're still looking at the proposals. So, you know, sometimes government doesn't work that quickly and it's not as efficient as it could be. So, maybe there's other ways we could look at saving money statewide. So, that's all I have. [LR152]

SENATOR FISCHER: Okay. Thank you, Ms. Pierce. Are there questions? Senator Louden. [LR152]

SENATOR LOUDEN: When you mention a tire tax, I mean, we have that dollar tire on there now and you called it a disposal fee, but you still have to pay \$2.50 to get rid of a tire if you leave it at the gas station. And actually, that tire goes into the Environmental Trust Fund and then they fight over who's going to get that money to grind those tires up, if it's cement plant or somebody like that. So, do you think that whole thing should be diverted to the Department of Roads? [LR152]

RAWNDA PIERCE: Well, I'm not necessarily saying it should be diverted, but maybe having an additional amount that is for road fees because the tires give you probably a better indicator than anything of how much you're driving. I mean, your tires wear out when you drive more. [LR152]

SENATOR LOUDEN: Yeah, because see there's also a tire fee on farm implements and tractors and everything else, so, because it's suppose to be in a disposal fee. The sales tax on food, and that's been kicked around a lot. You already pay sales tax on some of your food, you know, when you go into fast food joints and all that. And, I think, if my memory serves me, that's suppose to...if there was a sales tax on food, they talk about like \$144 million is what that would bring in, and that's been kicked around to put into the state aid formula, rather than into the road fund. So, if you ever bring that up, you want to brace yourself because there's going to be a whole bunch of people that have a

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whole bunch of ideas of what to do with that money, because I know that's...I think that was one of the first bills I introduced when I got into the Legislature is put a sales tax on food to use it for education and that didn't get very far. Trains. Can we tax trains?
[LR152]

RAWNDA PIERCE: He's saying yes. [LR152]

SENATOR LOUDEN: Can we? [LR152]

SENATOR FISCHER: They pay now. [LR152]

RAWNDA PIERCE: They pay now, but... [LR152]

SENATOR LOUDEN: They pay some now, but it's on a federal basis decides that train mile tax and that sort of thing. You mean... [LR152]

DUSTY VAUGHAN: Seventy cents per mile, I think. [LR152]

SENATOR LOUDEN: Yeah, but can Missouri charge more per train mile tax than Nebraska or somebody? Doesn't everybody... [LR152]

SENATOR FISCHER: We'll have to look into it. [LR152]

SENATOR LOUDEN: Well, I was on school board once upon a time when that all went through and we lost all of our value out of our trains and our railroads and the whole bit, because the federal government more or less dictated what was. But, nonetheless, if that's a possibility, yeah, that would probably work. But, I have an idea that's probably, probably been looked at quite a little because whenever you put a tax on the railroads, man, they fight like alligators, you know, on that. The road standards, are there some type of road standards now because...on what they do for some of these roads. I mean,

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they got to keep everything up so there's not potholes or chuckholes in them. [LR152]

RAWNDA PIERCE: Well, the way I understand it that there's a minimum road standard for safety and that every road has to have the shoulder and this and that and to me, it should be based more on traffic count. That if it's below a certain amount, maybe we could get by with not having to pave and resurface and do the shoulders on every single road. And I don't know. I mean, I know there needs to be safety standards, but again, does it make sense to have to have that just to drive 10 miles or 5 miles an hour faster. [LR152]

SENATOR LOUDEN: And I'm wondering if that's some federal standards, because I live...we got Highway 27 across the ranch there and I don't know how many times over the last 50 years they've tried to add enough dirt to try to put a shoulder on that thing. And I've always told them there wasn't enough sand in the Sandhills to put a shoulder on the thing, but they keep trying at it. And, it's got about the same width as been for 40 or 50 years, but they keep adding a little bit more dirt out there and I'm wondering if that's a federal regulation or something. But, it's something that can be looked at. I always somewhat hesitant when you give the Department of Roads the authority to kind of back off on one of these roads, because I know how tough it is to get them to take a road over from a county that needs to be, you know, some of your connector points, I guess. And of course, I got one in mind, you know, when we get that cemetery built on the west side of Alliance, why I think we should have a state spur into it certainly, so, which is only a mile, gee whiz, you know. Anyway, that's the reason I'm a little bit hesitant when we start cutting down on roads and that sort of thing. Anyway, I think your suggestions are all in line. And, I think there some that could be looked at and I think it's something that can be studied. I appreciate your commentary. [LR152]

RAWNDA PIERCE: The only other thing I'd add is if you want to put some money into research and development and have the University of Nebraska come up with some grand product that doesn't heave and, you know, a new road surface, I mean, wouldn't

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that be great to have it created at the University of Nebraska. I mean, that's just....
[LR152]

SENATOR LOUDEN: We'd have to pay them a fee if they did. [LR152]

RAWNDA PIERCE: Royalties. [LR152]

SENATOR LOUDEN: Yeah, they'd have to have royalty on the thing. [LR152]

SENATOR FISCHER: The university did come up with the bridge guardrail that's there
(inaudible). Students had that, didn't they? [LR152]

FROM AUDIENCE: And the Super T. They engineered that. [LR152]

SENATOR FISCHER: So, that was pretty good. Other questions? Senator Harms.
[LR152]

SENATOR HARMS: I just have one. Rawnda, thank you very much for your comments.
Appreciate it. When you look at taxes, or user tax for gas, how much is too much?
That's the question I always have to ask myself. I mean, how much far can we go? How
much is too much? And the last time we went through this, and I supported Senator
Fischer all the way, even in the override. Got hammered from every side about that
aspect. But, it was the right decision to make and I'd go back and make the same
decision because we saw that we could see the benefits today. But when the public
looks at this, how much is too much? That's the question I ask. And I don't know what
the answer to that is anymore. [LR152]

RAWNDA PIERCE: Well, the think I notice, no matter where I go you don't really
have...when you're out of gas, you're out of gas. You have to fill up. So, the gas ranges,
like on trips I've taken, we drove out to Arizona this last summer and they range 9, 10,

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12 cents across the trip. Well, it really didn't make much impact, I mean, when we were empty, we had to fill up. So, yeah, I mean, I think you need to be in line. I don't think you need to be on the very low end. I don't think you need to be on the very high end. But, it's just one of those things you got to pay for. So, you don't have much choice. [LR152]

SENATOR HARMS: Well, so when I look at this, I guess, you play everything in and you look at agriculture for example, there's so...it's so small of a margin for profit, you know, and we're driven, as you know, we all know here, we're driven by what happens to ag here. If they have a bad year, we all have a bad year. And that's the things you have to take into consideration. If we push it really hard and push it up and the fuel costs go up and the fertilizer costs go up, all of the sudden, their margin for profit is just about gone. And so, that's what I worry about and is how far can we go with that aspect. And that's just a question... [LR152]

RAWNDA PIERCE: But doesn't the ag products not pay that tax now, like the diesel and... [LR152]

SENATOR HARMS: I don't know. [LR152]

RAWANDA PIERCE: They're already exempt from it. So, they wouldn't be paying additional other than for the... [LR152]

SENATOR LOUDEN: Sixty-five percent is what they are exempt. They pay taxes on 35 percent of your... [LR152]

RAWNDA PIERCE: Okay. So you could put that mechanism in to make sure that, you know, ag folks aren't affected. [LR152]

SENATOR HARMS: Exemptions for one of our colleagues is a big thing that we have. And if you took out...if you started looking at exemptions, any more exemptions, then we

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start removing it, it's going to be a big battle. But there's millions of dollars that could be saved. We could fund our roads forever by getting rid of a lot of exemptions, so. Thank you very much. [LR152]

SENATOR FISCHER: Thank you very much. Next testifier please. [LR152]

ROBERT TYLER: I'm Robert C. Tyler. Everyone calls me Toby. I'm...T-y-l-e-r. I'm the interim director of Public Works for Scotts Bluff County. I'd like to talk a little bit more about local issues, about funding. I totally agree with Larry Dix's point where we could tax on older registrations. I own a '85 Corvette and it costs me \$35 to license it. Would I sell it for \$10,000? I don't think so. So, there are, you know, issues and I don't know how you would look at which ones to be taxed more, you know, to offset that. But, I think that funding should probably go to the Highway Trust Fund. I agree that the east needs the money, you know, to fix the roads. And I understand that Senator Beutler is going to attack the four of you on fuel used, but you got to understand there's some counties out here, such as Banner County, has no gas station, no funding at all. So, is that really fair, you know. I also understand that the Governor is not going to support any raise in the fuel tax at all. That's what he's alluded to before. But, I'd also wonder if we couldn't look at the funding on the distribution the way it's tied to the wholesale price of fuel and maybe readdress that. One thing I really would like to say, you know, the interstates and the state highways, the expressways, are really important, but if they went away, I could still get to Lincoln driving local roads. You take away the local roads, you either get from one end of the state to the other, that's it. So, our funding is really, really important. So that's basically all I have. [LR152]

SENATOR FISCHER: Thank you, Mr. Tyler. Are there questions? Appreciate your perspective. Yes, county roads make up, what is it, 90,000 miles and state highways are 10,000 miles in this state. [LR152]

ROBERT TYLER: Right. Our county has 800 miles of gravel, which I could have a

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two-lane gravel highway to Lincoln. We have 160 miles of pavement, 130 of it is asphalt. Asphalt lasts every, oh, about 10 years you got to do something with it. We overlaid three miles the last year. So, we're really not preserving what we got, so. [LR152]

SENATOR FISCHER: I represent large counties and I'm from Cherry County, so I understand the problems of maintaining county roads in sparsely populated areas. So, I appreciate you being here. Thank you. [LR152]

ROBERT TYLER: Thank you. [LR152]

SENATOR FISCHER: Next testifier please. Good afternoon. [LR152]

MAX MILLER: Good afternoon. My name is Max Miller, M-a-x M-i-l-l-e-r, Scottsbluff, Nebraska, and I would like to speak on behalf as a citizen and our local business. I'm chairman of the Chamber of Commerce, but I'd rather speak on my individual behalf. First of all, I want to thank you all for your support to rural Nebraska. We understand the efforts you make and we appreciate standing up for our concerns and needs. Second of all, on the four-lane, the Heartland Expressway, Nebraska has committed and completed 25 percent of the miles they need to complete to do that expressway. They probably done as much as any state in the Theodore Roosevelt or Ports-to-Plains. But, those other states have more money and they're going to catch up, surpass us quickly. Dickinson, North Dakota alone came up with \$100,000 to get their deal rolling. Dickinson, North Dakota, 2300 people, oil revenues. With that being said, we need to stay the course on the Heartland out here. The baton is being passed to the next generation and the Heartland Committee out here isn't going away, so that be knowing. I would like to make two points today... [LR152]

SENATOR FISCHER: We're always happy to see you. [LR152]

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MAX MILLER: I would like to make two points for you today. I want to address your concerns and issues from the opposite side of the revenue side. So, let me start by painting a picture. I was born and raised here. I have a family that's represented a manufacture in this valley for 85 years. I believe in Gering, Nebraska, we are the oldest business in Gering. And that's sad, because we used to have a newspaper. We used to have a refinery. We used to have packing houses. We used to have grocery warehouses. We had good employment. When I graduated from high school in 1978, three-fourths of my class was off the farm. They had 80 acres. They had three to four kids. Eighty acres put those kids through college. Three-fourths of them have left the area. I am proud to say, however, that two of my classmates are the mayors in Scottsbluff and Gering and I didn't quite make the cut, but they hung around and I'm glad they did. Today, 50 percent of our kids are pushing subsidized lunch food programs in our schools. This area is declining rapidly. I believe that you need education, transportation, and communication to survive. And, we've got the education ball fairly well established and we're maintaining it. We're up to speed on our communication, but our transportation is needing help. So, let's picture...I've got my red rider wagon here, and this is the handle. Okay. In the red wagon is all the cost the state of Nebraska has. Your welfare, your highways, name it, it's in the wagon. Right now, the Panhandle is up here on front helping pull that wagon. At the end of my lifetime, we're going to be riding in the wagon. So, there's no choice here for the state of Nebraska. We have to solve the revenue side for the Panhandle and get some good paying jobs back out here and one way to do that is to fix our transportation problem. So, that's the first point I'd like you make when you're debating back there on the floor. The second point I would like to address is cost. No one's talked about that. We have reached a point where we are no longer served by our governments, we are serving our governments. If you leave today, we had a middle school addition going on here in Scottsbluff. We have a great big fence all the way around that school. Do we know why it's there? Any of you? Somebody thought it was a great idea to pass a law that said you had to put up some type of retainage in case there's a one in a hundred year rain and the dirt runs off that job site. You have to contain it. I would suggest that you go back

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and you look at all of these laws that were passed with the greatest of intentions and get rid of the crap that doesn't mean anything. Let's supply some common sense. I don't believe there's a single one of you sitting at that table that finds a turtle more important to you than your economic livelihood or your family. But, we've stopped road projects south of your town because of a turtle. [LR152]

SENATOR FISCHER: We have turtle fences. They're really expensive chain link fences, by the way. [LR152]

MAX MILLER: It's nuts. It is nuts. Why are we doing this? [LR152]

SENATOR FISCHER: That's federal. [LR152]

MAX MILLER: I don't care. Do we serve them, or do they serve us? This is the point I'm making. You people have more swing with the feds than I do. We have to stand up someday and say, this is crazy. We got to start applying some commonsense. Now we have a law that says, if you want to put an addition on your house in Scottsbluff, Nebraska, you have to have an architectural engineering stamp on it. Great intention, right? Adds another 5 percent to the cost. What's it do to a family that's at low income earner to begin with. Instead of having a nicer house, we forced them in to having a poorer house. Let's address the cost side. Let's look at your one in six road program. Pull out the map you have there, young man, and you look at the segments that you're going to do in the next two years. We moved a contractor into Dix, Nebraska. We moved in a cement planter and asphalt plant. We truck in all the rock. We truck in all the fuel and we fix 3 miles. 2011, we don't do a thing. 2012, we come right back where that job ended, and we do that all over again. If we're going to do 10 miles in 3 years, let's do them in one. Let's (inaudible) the contractor once. If you're doing anything, do you do it cheaper with volume, or do you...cheaper in small segments? What's the answer? Volume. Let's go back and relook on how we're doing these things and drop some cost. Okay. The emotions out. I'm done. I thank you again for coming. I do like seeing you

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face-to-face. I appreciate your efforts and I thank you again. [LR152]

SENATOR FISCHER: Thank you, Mr. Miller. I appreciate you coming forward. You brought out some points where you...I took it that you felt money was being wasted. Do you think that we can address our highway funding needs just by looking for inefficiencies in the current program? [LR152]

MAX MILLER: Not entirely, but if we pick up 5 percent there, it's 5 percent we don't have. If you pick up 10 percent there, it's 10 percent you don't have. [LR152]

SENATOR FISCHER: I guess I would suggest to you that you talk to your district engineer or talk to your highway commissioner about the specifics with the road, Department of Roads projects that they have here. This committee does not handle specific projects. That's within the executive branch and the Department of Roads. [LR152]

MAX MILLER: I understand that. But, my point is, it's not just about revenue. There's other places to save or make money. [LR152]

SENATOR FISCHER: Correct. [LR152]

MAX MILLER: Thank you. [LR152]

SENATOR FISCHER: Correct and I thank you. Senator Louden. [LR152]

SENATOR LOUDEN: I have to agree with you on one point that some of us were involved with from here on this Heartland Expressway, but we have a problem there from (inaudible) south. I mean, we were going to make a 9 mile segment and everything was set, the money's there. The federal government said no, you got to have logical termini... [LR152]

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MAX MILLER: Termination. [LR152]

SENATOR LOUDEN: So, you got to do the whole 24 miles at once. So we've met, you know, with engineers and people and about everybody this side of heaven, you know, to talk about this thing. And they come with the idea, the engineer did, that it was going to cost \$85 million to do that 24 miles. And as we visited about that, I finally asked him, well, where did you come up with the \$25 million? If you were going to do 9 miles for \$23 million, what were you going to do with the other \$60 some millions to do the 14 miles? Well, he was told, or he thought he was suppose to build the whole four-lane deal. And so then when we pointed out that that never was the deal, one road would work for the north bound lane, then they came back with the figures and they went from \$85 million down to \$56,485,000. Well, that's...when you talk about \$28.5 million, that's a significant drop. So what, in my...what I've learned from chasing cows and cabling hay, I guess I wonder how many more of these projects do we have around the state of Nebraska that are like that. I mean, this is the one that we run across. And so, I am asking the Department of Roads, you know, and Monty Fredrickson, when I see him, you know, Monty, have you looked at some of these other issues over to find out if there are cheaper ways or better ways to build it. I mean, anybody can build something when you build it all brand new and nice, but then again, we would hope that they would find the most economical way to build the best that they have. So, I agree with you that I think there has to be some method in there to overlook it. Now, I've been told that other years there's a lot of old engineers that usually, in the department, look this stuff over and somewhere along the line we maybe lost some of that, what would you say... [LR152]

MAX MILLER: Continuity. [LR152]

SENATOR LOUDEN: ...gray hair or something like that in there that stop and look at some of these good deals. So, I am...I think we will probably find out about it. But, on

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this one project, when you...when there's \$29 million difference, good Lord, this is a big deal. This is a big deal. [LR152]

MAX MILLER: Right. Big mistake. Do you believe there's any opportunities to go back and review some of these laws that have been passed and remove some of the... [LR152]

SENATOR LOUDEN: Well, I was on... [LR152]

MAX MILLER: You're smiling at me. See, I'm reading that as a no. [LR152]

SENATOR LOUDEN: I was on the Natural Resources Committee for a few years and a lot of that comes down from the federal level. They dictate to the environmental agency here in Nebraska, what can and can't be done. Now, having said that, there are some things that the state of Nebraska had stricter rules than the federal people did and that was where we tried to look to modify that. There was no need of being any above that. So, I think there are some rules about that. Then again, maybe we don't have enough rules. I...when I drove up today, I came up 26, you know, and here these Union Pacific coal trains are coming, you know, and the old coal dust is just a rolling off of them. Now, when they did some track work up there in my area, they were going to build another side track along the railroad track, 10 miles. Well, they were digging in there, they kept wondering why they were getting this dirt that was the color of that microphone, you know. And I said, well, it comes off of your coal train is where it comes. So, if you have coal trains running through here for the next 50 years, what effect is that going to have on the health or the land or anything. Right now, as the representative for Morrill up here, I mean, these people are already talking to me about the problems they're having with coal getting inside their houses and everything... [LR152]

MAX MILLER: I'm on the tracks in Gering. I fought it for 50 years. [LR152]

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SENATOR LOUDEN: This is what drives the laws. This is what drives your turtle laws. I mean, somebody gets ticked off. Then my golly, what these people are doing. So, we really have to do something about it and it's probably overkill. And, there's some of those laws that no doubt overkill and it's time you always hope somebody finds something to modify them. But, whenever you see something like that, yeah, get a hold of, you know, Adrian or some of our federal people, our senators on the federal level. Get a hold of John Harms here in Gering, you know, whenever you see something like that locally. [LR152]

SENATOR FISCHER: Now, he's smiling. [LR152]

MAX MILLER: Well, it just seems like anytime anything ever is passed, it all of a sudden becomes this cast in stone thing we can't change. I thought we had a system that allowed us change, not just additions. [LR152]

SENATOR FISCHER: I think you're looking at senators who have tried to make changes, and successful in some instances. But, as Senator Louden says, a lot of this comes from the federal level. [LR152]

MAX MILLER: Feds. Again, we've gone to serving them instead of us serving...them serving us. [LR152]

SENATOR FISCHER: Right. And I'm sure you're aware on highway projects, you have to have the environmental impact statement and sometimes those reports can take 3 to 5 years, 3 to 5 years. That holds up a project. That increases costs. When the stimulus money came down, that was one thing we tried to encourage our congressional delegation was to change some of that so we could have more shovel-ready projects. I mean, we had enough in the state that we were able to use the money and spread it across the state on various projects. But, that's a huge burden. And then they just changed the rules for that in December, again. So, you have projects that have to be

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reworked. That adds onto the cost, and it's... [LR152]

MAX MILLER: I know. We've got to change that. We have to change that. [LR152]

SENATOR FISCHER: It's frustrating. We have a representative of Congressman Smith here today, so, hopefully, he's taking some notes and will help us on that. But, we face that at the state level, too. There's some endangered species law at the state level that are stricter than they are at the federal level. I introduced legislation to try and change that. You can imagine the reception I received from a few groups. But, I will continue to try and make some changes and get back to commonsense on things like that. [LR152]

MAX MILLER: Ten years ago they widened the road in front of our business, put a center lane in it. Three days before this whole thing starts, some lady comes in from the EPA and I have to sign a document if I know of anything on this property that they should be aware of. Yeah, I do. When we put our plumbing line in we hit a baby mammoth. You should have seen her turn white. She sat down on the chair and just...I had to walk her out. We had to dig up with the shovel 3 foot deep. She couldn't see anything. And then all of a sudden, it was okay. They went ahead and did it. Still laying there. Be there long after I'm gone. [LR152]

SENATOR FISCHER: Right. Well, we better get back to our highway funding. Senator Harms, did you have any questions? [LR152]

SENATOR HARMS: No, fine. Thank you. [LR152]

MAX MILLER: Thank you again. I appreciate it. [LR152]

SENATOR FISCHER: Thank you very much. Next testifier please. Anyone else wishing to testify today? Good afternoon and welcome. [LR152]

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JACK ANDERSEN: Jack Andersen. A-n-d-e-r-s-e-n. I am chairman of the board of Sheridan County, though I'm here today on my own account. I'm not representing Sheridan County per se. First of all, I absolutely agree with Mr. Miller and that an awful lot of what we need to do is allow the use of commonsense. When we get into a one-size-fits-all regulations that may be absolutely necessary in Washington, D.C. or New York, probably work pretty good in Omaha or Lincoln, are in total disaster in Lakeside, Nebraska, where I live. If we could work around things so we could use a little bit of commonsense in a lot of areas, I think that would help. One situation I worked with Senator Loudon to get LB1068 passed, which allows us to turn a 10 foot wide, or 12 foot wide paved road into a 12 foot wide gravel road. I still run across people in eastern Nebraska that I mention our one lane oil strips and they say, what are you talking about? You're talking 12 foot wide on each side. We got roads that aren't that good. And I'm saying, no, I meaning when you meet somebody you go to the ditch. [LR152]

SENATOR FISCHER: I live on one of those. [LR152]

JACK ANDERSEN: Yes, you know what I'm talking about. Well, and thank you for your help, too, on that bill. But the purpose of being here today, I think is to find ways of funding, not decide whether we need a Heartland Expressway or whether we need shoulders on the roads, which are commonsense ideas that...Highway 2, in my opinion, didn't need a 8-foot-wide paved shoulder. It was 65 mile speed limit on it years ago before the...came down and it was...had more curves and everything. But, I'm off the topic. I really like the idea of increasing the, adding a \$10 or even \$15 fee to the registration. Everybody would pay the same amount for each vehicle they have. My wife that's got a relatively new car that cost her in the neighborhood of \$700 to license it, wouldn't even notice it'd cost her \$10 more. My car that I'm so proud of that I pay \$28 for, I could afford \$38 if that would give us good roads. I would not object at all. Also, on that gas tax, and I know that the Governor and I disagree on this, but the gas tax, I feel, does need to be increased. And the reason that I feel that, is that 15, 20 years ago or so if you had a car, maybe a little longer than that, I'm starting to lose track of time, but I

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can remember when you had a car that got 18 miles to the gallon, you really had a good one. If you had one that got 15, you felt like you were doing all right. Now, if it doesn't get 30, you think you've got a bum, you know. So, you drive twice as many miles on one gallon of gas and you wear out twice as many miles of road, but you're paying tax on one. Yes, tax has gone up. We do have to be very careful that we don't put our golden goose agriculture out of business. And, we've been working at that in Sheridan County for a long time with property taxes. We're trying to get rid of them. No, I didn't mean that, of course. But, one of the things that we've run across in Sheridan County is the amount of state tax monies...or state road funds coming in and we're matching it and we're actually getting kind of close to the point where we can't raise enough revenue to put up our match and that has me somewhat worried. But, we are also in many cases requiring the land owners through special road districts or as individuals to pay part of the cost of a road if there's only a couple or three people on that road, why, we're saying, we'll regravell it if you'll pay 50 percent. I don't like that. I think that's wrong because the system originally was set up we tax everybody so everybody could have something adequate. We don't tax everybody so the majority can have the best. I feel for those that need more improvements, but at what cost, you know. If the cost is that we have ranchers and farmers back into the forties and fifties times when they have to truck their wheat out in a smaller truck because they can't get a semi into their house or they have to drive their cattle 5 miles to load them and we've got some of them in our county, and I think you probably do in your county, also, that they're still having to do that. They still don't have a road. We're looking at areas that we're saying, that's your driveway. It crosses three neighbors and it's 5 miles long to the nearest public road, but we're saying that's a driveway because you're the only one that uses it. Well, and they say, yes, but I've got three neighbors that go right through my yard to go to pastures they own beyond. But, the fund isn't there, funds aren't there. We've got to find a way to raise funds and don't forget the counties, you know, we're...our county roads are important, too. If you have a good state road or a good collector county road and an individual can't get to it, that collector road or county road is of little use to them and it doesn't help our economy when they can't get their products out. Of course, the reverse is true. If

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they got a good road getting out to that collector or the state road and the state road is broke up to where they can't travel it or the collector road, why, you know, it's a trade-off. But, I just wanted to say that I would absolutely not oppose raising it, putting that fee on the registrations. And with that, I'll shut up and answer any questions if you have any, or try to. [LR152]

SENATOR FISCHER: Thank you, Mr. Andersen. Are there questions? Senator Louden. [LR152]

SENATOR LOUDEN: Yeah. Thanks for your testimony, Jack. Yeah, we've done a lot of work on some of these rural roads and tried to get road funding. And as you say, when some of those roads, they call them your driveway when, yeah, there's several other people use the same road to go to pastures and everything else. That's always been a problem and it probably always will be as long as there's a shortage of money. When you talk about some of the commonsense, I think...Highway 27 from Ellsworth to up there at the fruit farm, as they call it, 25 miles of it. I remember when that was put in, in '52 and they built that thing for \$400,000. The whole 22 miles. Didn't have to have any environmental impact or anything. They went out there and probably two weeks before, surveyed the thing off and Kiewit came through with these bulldozers and these dirt movers and they mixed the oil and the sand together and they had a road by the end of the summer. But, that was put up with, I think there was like \$25,000 raised locally and I think the county matched that and then the state matched that and the federal government matched it. Anyway, they came up with \$400,000 to build 22 miles of road. And I think nowadays, when we look and they talk about building a road at \$2 million a mile and something like that, if it'd been nowadays, we'd of never, we'd of never got that built. And somewhere along the line, I don't know, because the cost of fuel or the engineering or what has increased the cost, but there were better ways of doing stuff and it seemed to work at the time. We have to probably use some commonsense in some of this. [LR152]

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JACK ANDERSEN: Well, that's what I think there's a lot of areas that, I think, that a little commonsense and we probably need to work towards some kind of incentive to, incentive is probably the wrong word, something to get over this idea of, I can't do anything wrong, you know, if I stub my toe, it's the fault of the person that built the sidewalk and let that stick up an eighth of an inch and sue that guy. There's that sue for anything, you know, is something I don't know how we're going to work on that, but that is kind of the ruination of our country. It's increased the cost of everything, health care included. When you...it was '68, I believe, when the state passed the law that set up the Board of Classifications and Standards when the roads first in Nebraska first had a minimum design that somebody mentioned before, and those standards, where I'm sure the intention was that if they build them to standards, there going to be no liability. I mean, it is built to standards and if you had a wreck on it, it is not our fault. What it did was it made building roads so costly that we're still living with antiquated systems because we don't dare go in and build a road, you know, a commonsense road. Even with LB1068 that we worked so hard on, it does allow us to convert our 1 mile oil strips, but it's still going to almost take an act of Congress to get to put in a one-lane gravel road that wasn't a one-lane oil road to start with, you know, its...we gained a lot. [LR152]

SENATOR LOUDEN: Thank you, Jack. [LR152]

SENATOR FISCHER: Other questions? I don't see any. Thank you very much, Mr. Andersen. [LR152]

JACK ANDERSEN: Thank you. [LR152]

SENATOR FISCHER: Glad you drove down today. Any other testifiers please. [LR152]

JOHN HOEHNE: I'm the last one? [LR152]

SENATOR FISCHER: We'll just have to see. It depends on what you say. [LR152]

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JOHN HOEHNE: Okay. Here we go then. [LR152]

SENATOR FISCHER: Good afternoon. [LR152]

JOHN HOEHNE: Thank you. I'm John Hoehne. H-o-e-h-n-e. Its probably your best name of the day. I work for Twin Cities Development here in Scottsbluff and specifically, work on the Heartland Expressway issue. First of all, thank you guys for coming out. I do believe that face-to-face is important and I appreciate that. Thank everybody for showing up. I mean, it's rare that you'll get this many people coming out for an issue. And a lot of the comments, I really don't need to say too much. You've obviously seen, you know, the passion and the desire to work on these issues. So, we don't need to reiterate those, but it's really been a pleasure to work with all of them. I was born here, grew up in North Platte. Went to school in Omaha and moved back here because I spent six months out here last year working on a few political campaigns, reconnected with old family and friends and really just kind of fell in love with the community. So when I had a chance to come back here and work, I took it. Just, you know, a little demonstration, I'm sure you guys are all aware with...we were driving to Brule last night to pick up a pickup and, you know, the small towns are really dying and it's unfortunate, because they're so enjoyable to be in for so many of us. You know I'm hear to ask you guys to, you know, be proponents for the Heartland Expressway. That's why we elected you to support our ideas. We ask for your visionary support, your ideas. You're the best and the brightest of the communities and you know, I've heard a lot of people throw out a lot of ideas about how we could pay for this and it seems crazy to me that working together with businesses, the Legislature, average citizens, that we can't come up with a way to pay for some of these things together. Midwest and Nebraska is the agricultural and energy heartland of America. It's the backbone of the United States. Obviously, we've done well in this economic climate because of agriculture. We believe that the Heartland Express is the future of the Panhandle and obviously, would benefit Nebraska as a whole, but we really feel like our lifeline is tied to this issue. The status to

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update you guys on the Heartland Expressway that...it's been alluded to, but it is becoming a formal organization. We are working with an attorney in town to file our incorporation papers. So, that should be underway shortly. There has been a lot of buy-in from around the state, thanks to Senator Loudon. Chadron and Alliance are showing support, both visionary and monetary support for this issue now. So, we're not going to go away. We're going to be around for as long as I'm around. As Max said, we're passing the torch. So, there's a few younger people becoming involved in this now that, hopefully, will be around for a long time. Basically, those are the issues I wanted to cover. Just to, you know, update you guys as to where we're at and enlist your help with this issue because obviously, that's why you're out here. We want to keep communication lines open with you guys in order to, you know, host forums, meetings, whatever it may be to throw ideas, good and bad, on the table to come up with a solution that will allow us to solve this problem. We understand that you guys have a lot of obstacles. Every issue out there, every road has problems, issues that are going to be, something that needs to be worked out. So, we don't think we're special. We understand that there's a lot of roads across the state that want to be built, that need to be built. All we're asking for is an open mind and open dialogue with the Legislature to make sure that this gets completed. We want to show some progress, basically for the people out in the western Nebraska. So, once again, just ask for your help and your support. And, that's it. Any questions? [LR152]

SENATOR FISCHER: Thank you, Mr. Hoehne. Are there any questions? I see none. Thank you very much. [LR152]

JOHN HOEHNE: Zero. Okay. [LR152]

SENATOR FISCHER: Any other testifiers this afternoon? Is there anyone else wishing to come forward to testify? I see none. Once again, I would like to thank the community of Scottsbluff. I would like to thank Senator Harms and this entire area. This has been a great hearing. You've come to us with some new ideas that we hadn't heard before,

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about how we can fund our roads and you also reinforced what we've heard in Kearney and North Platte. Tomorrow, we will be in Alliance. Then in October, we will have hearing in Fremont, Columbus, and Papillion. So, we'll see what comes about and what we decide to do on moving forward with this issue. I can tell you that it is, I believe, recognized by most of the colleagues in the Nebraska Legislature and by the Governor as an issue that is an important one for this state and we need to look at all the options that are available to us for meeting the challenges that we face in funding our roads. So, I appreciate you all and thank you, Senator Harms, again. I do have some of my cards up here if you're interested in taking one and if you would like to contact me, if you think of any other ideas or suggestions, I'd be happy to hear from you. So with that, I will close the hearing on LR152 and that closes the hearings for the day. Thank you.

[LR152]