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Appropriations Committee  
March 21, 2013

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[LB486]

The Committee on Appropriations met at 1:30 p.m. on Thursday, March 21, 2013, in Room 1003 of the State Capitol, Lincoln, Nebraska, for the purpose of conducting a public hearing on LB486. Senators present: Heath Mello, Chairperson; John Harms, Vice Chairperson; Kate Bolz; Danielle Conrad; Bill Kintner; Tyson Larson; John Nelson; Jeremy Nordquist; and John Wightman. Senators absent: None.

SENATOR MELLO: Good afternoon and welcome to the Appropriations Committee. My name is Heath Mello. I'm from south Omaha, representing the 5th Legislative District, and am Chair of the Appropriations Committee. I'd like to start off today by having members do self-introductions, starting first with Senator Kintner.

SENATOR KINTNER: Thank you, Mr. Chairman. Bill Kintner, Legislative District 2, which is south Sarpy, Cass County, and a little bit of Nebraska City.

SENATOR NORDQUIST: Jeremy Nordquist from District 7, downtown and south Omaha.

SENATOR MELLO: Sitting next to Senator Nordquist is Senator John Nelson, representing the 6th Legislative District from central Omaha.

SENATOR HARMS: John Harms, 48th District, Scottsbluff.

SENATOR WIGHTMAN: John Wightman, District 36, includes Dawson and Custer County and a small part of Buffalo County.

SENATOR CONRAD: Danielle Conrad, north Lincoln.

SENATOR BOLZ: Kate Bolz, District 29, south Lincoln.

SENATOR MELLO: Sitting next to Senator Bolz is Senator Tyson Larson, representing the 40th Legislative District in northeast and north-central Nebraska. Assisting the committee today is our committee clerk, Anthony Circo, and Jacob Fricke, who is a junior at Nebraska Wesleyan and is our committee page. Sitting to my left and your right is our fiscal analyst for the day, Mike Lovelace. In the corner of the room you'll see some yellow forms. If you're planning on testifying today, please fill out the form in its entirety. It helps us keep an accurate record of today's public hearing. When you come up to testify, please give Anthony, or the page will get it from you, the yellow sheet. And when you sit down, please spell your name, spell your name, first and last name, for the public record. If you have any paper handouts, please give them to the page before you begin. Jacob will help you make copies if you do not have 11 copies for the committee. If you're here today but you're not...and not planning to testify but want to be on the

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record as having been here, there's a white sheet on the back table. We ask that you sign in on that sheet, tell us your name and address, the bill number, and if you're here in support or opposition. We will hear bill testimony in the following order: first, the introducer of the bill, followed by supporters, those in opposition, neutral testimony, and ending with the closing statement by the introducer. We will be using a five-minute light system. There are lights at the front of the table. When you start, the light will turn green. When the yellow light comes on, that is your one-minute warning. And when the red light comes on, we ask that you wrap up with your final thoughts. At this time, I would ask all of us, including senators, to please check our cell phones and make sure that they are on the silent or vibrate mode. And with that, at this time we'll begin today's hearing on LB486 by Senator Annette Dubas.

SENATOR DUBAS: Senator Mello and members of the Appropriations Committee, my name is Senator Annette Dubas, A-n-n-e-t-t-e D-u-b-a-s. I represent Legislative District 34. We've been a member of the Midwest Interstate Passenger Rail Compact since 2001. In 2009, the Governor sent a letter to Laura Kliwer, the director of the Midwest Interstate Passenger Rail Compact, stating that as a result of budget reductions the annual dues of \$15,000 was being eliminated from the state's biennial appropriations. In August of 2011, we received notice that we were in arrears on our compact dues for fiscal year 2010 and '11; and the notice went on to state a hope that Nebraska would present a proposal to return as a member of the compact, and they also expressed a willingness to work out an agreement. Last year, legislation was introduced to officially remove Nebraska from the compact, but that bill did not advance from committee. So I introduced LB486 to this committee today as a way to pay our past and our present dues so that we may return as a member of good standing with the compact. I've met with the director of the compact to see if there's some type of an agreement that may be reached as to a way we can get our past dues current and then also pay our current dues; and the conversation that we had was very encouraging. Again they do want us to be a member, an active member of this compact, and I think there are some opportunities here to find some agreeable terms to make this happen. So I introduced this bill as a vehicle for such an agreement. I don't have anything really specific to suggest but will certainly support whatever this committee would choose to do. The bill also goes on to state that these dues would now be paid through the Legislative Council rather than the Department of Roads' budget. So again I'm open to whatever the committee would like to do with this. I really do believe that it's important for Nebraska to remain a member of this compact. There are questions as to the benefit of our membership, and while there may not be real visible benefits to this compact at this moment anyway, I think we should be at the table as the future of rail is discussed. There is great potential for the development of rail coming into Omaha from the east, as well as going out of Omaha to the west. I think, you know, Omaha is very centrally located and could easily be a very important hub to any future rail transportation construction. Recent conferences that I have attended have really emphasized the importance of looking at things regionally in terms of economic development. And again

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I think that's exactly what this compact seeks to accomplish: how do we develop and implement improvements and long-range plans, how do we coordinate interaction among Midwest state officials. And I think especially in the areas of transportation where we're crossing state lines, that kind of communication is very beneficial, and being a member of a compact such as this allows for us to have that constructive dialogue. And it just makes sense. Nebraska's history with railroad is a very long and proud history. I mean, we are the home to the Union Pacific Railroad. So again I think it just makes sense for Nebraska to remain a part of this compact as these types of discussions move forward. Currently, the members of the compact are Illinois, Indiana, Kansas, Michigan, Minnesota, Missouri, Nebraska--should they choose to get back in the compact, North Dakota, Ohio, and Wisconsin. The director of the Midwest Interstate Passenger Rail Compact is here today and will be able to give you a lot more detailed information and answer more specific questions as to the history of our membership, what the compact is doing, how they work, how the membership works, etcetera. And I think also she may be able to have some dialogue with you as far as what kinds of agreements are possible in relation to our past dues as well as our current dues. So I would attempt to answer any questions you may have but again feel that the director is much better suited to give you more accurate and specific answers to your questions. [LB486]

SENATOR MELLO: Thank you, Senator Dubas. Are there any questions from the committee? Senator Wightman. [LB486]

SENATOR WIGHTMAN: Thank you, Senator Mello. Senator Dubas, thank you for being here. Can you tell me whether the \$15,000 that is referred to in LB486 includes the back payment? [LB486]

SENATOR DUBAS: No. No, the... [LB486]

SENATOR WIGHTMAN: It does not. And so then you're not asking that, although that's what (inaudible). [LB486]

SENATOR DUBAS: You know, I kind of...I left...I put XXX in the bill because again recognizing we owe \$60,000 in back dues and then to pay our current dues would be another \$15,000. So, you know, there's money that is due to get us back in compliance with the compact. But again I think there may be some room here to work with the compact and work with the committee to determine what's the best way of making that payment happen. And again I don't have anything specific. I would certainly think you are in a much better position to make a decision as a committee. [LB486]

SENATOR WIGHTMAN: Thank you. I guess another question or two maybe. Did we receive anything from the compact from, say, 1910 when...or 2010--I'm a hundred years behind (laughter)--2010 to the current year? Did we receive anything from them that

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would have been the same as if we had been a member, or...? [LB486]

SENATOR DUBAS: No, they did send us a letter, and I think Director Kliewer can give you the specific date of that letter, after we had been in arrears for a couple years on our dues, saying, you know, you are past due on your dues; we'd like to have you be a part of the compact but until those dues are paid you no longer will be officially recognized. So we do have representatives from the Legislature who would have routinely attended meetings in the past and their travel expenses were paid out of this compact, so they were no longer going to pay. If we wanted to send someone to these meetings, they would no longer pay the expenses for those members. [LB486]

SENATOR WIGHTMAN: Thank you. [LB486]

SENATOR MELLO: Senator Kintner. [LB486]

SENATOR KINTNER: Senator, welcome to the Appropriations den where spending comes alive. (Laughter) [LB486]

SENATOR DUBAS: Yes, absolutely. [LB486]

SENATOR KINTNER: You said that there's no--I'm paraphrasing--no visible concrete things we can see right now. If you don't have visible evidence that this is a worthwhile appropriation, how would we judge if it's worthwhile? [LB486]

SENATOR DUBAS: Well, and when I referenced visible, we certainly aren't seeing railroad tracks being laid down as far as what this compact's intention is. Visible could be just having the dialogue, looking at the plans. You know, we see how far the rail has reached so far...I'm not going to give accurate information but we know it's into Chicago. And so as those plans start to move forward, I think that's where we can see not going out and visibly seeing actual construction, but we can see momentum. And I think that momentum would be justification enough to determine that Omaha really has an opportunity here to continue to bring that type of rail transportation into our state and into that community, in particular, and then what would those economic benefits be. And I know that's what a lot of the time that the compact spends on looking at how do we keep moving forward. Of course, the federal government has a lot to say with what they have to offer as far as funding and building that type of construction. I think having that vision and being at the table to know what the plan means and how we would fit into that plan would be things that we would, as a Legislature, need to look at to determine if it's worth our time to be a part of it. [LB486]

SENATOR KINTNER: Now, I like a choo-choo as much as anybody else and there's some great history there and it's just exciting stuff, but I'm also rather tight with taxpayer money. Could we get by just paying the \$15,000 and say, ah, forget about the old stuff;

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we'll just jump right in here? [LB486]

SENATOR DUBAS: You know, that wouldn't be for me to say so much. I mean, that would have to be something that would have to be discussed with the compact and probably this committee. I know in some other conversations that I've had with a few senators, not many but a few, because last year a bill was brought to the Transportation Committee for us to just officially withdraw. And there was a feeling among a few that, you know, we are still...we're in arrears. We owe money. We have an outstanding bill out there, and just kind of our Nebraska way we don't typically turn our back on bills that we owe. But again, as I said, I'm open to whatever this committee wants to do as far as working with the compact in finding some agreements. [LB486]

SENATOR KINTNER: Mr. Chairman, just one final question. Did we receive benefits the years we weren't paying? [LB486]

SENATOR DUBAS: We weren't attending any of the meetings so we weren't involved in any discussions or determinations, no. [LB486]

SENATOR KINTNER: So we didn't get any benefits. It wouldn't seem we owed any money. It would seem like we could jump right in and start getting benefits again if we chose to do that, I would think. [LB486]

SENATOR DUBAS: Well, I guess that's what negotiations are all about, and I would see that as an opportunity with the compact and this committee. [LB486]

SENATOR KINTNER: Well, thanks for coming. I appreciate your frank answers. [LB486]

SENATOR MELLO: Senator Nelson. [LB486]

SENATOR NELSON: Thank you, Mr. Chairman. Thank you, Senator Dubas. I think in our little blue book we have two representatives, don't we? [LB486]

SENATOR DUBAS: Yes, we do. [LB486]

SENATOR NELSON: Do you know who those are? [LB486]

SENATOR DUBAS: Currently it's Senator Hadley and Senator Price. [LB486]

SENATOR NELSON: And so they've not been attending meetings then. [LB486]

SENATOR DUBAS: No, no. I believe previously Senator Cornett had attended some meetings. [LB486]

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SENATOR NELSON: I've got some recollection...yeah, and she was very active in that. [LB486]

SENATOR DUBAS: Yes, yes. [LB486]

SENATOR NELSON: She attended even though we weren't paying our dues. [LB486]

SENATOR DUBAS: It's my understanding I believe she did maybe one year there. [LB486]

SENATOR NELSON: Oh, okay. So we'll be getting more information about the progress of the commission and when they're meeting and things of that sort? [LB486]

SENATOR DUBAS: The director will be following and you'll be able to get a lot of information from her. [LB486]

SENATOR NELSON: All right, all right. Okay, thank you very much. [LB486]

SENATOR MELLO: Are there any further questions from the committee? Seeing none, thank you, Senator Dubas. First, we will take proponents of LB486. [LB486]

LAURA KLIEWER: (Exhibits 1, 2, and 3) Good afternoon, Chairman Mello and members of the Nebraska Unicameral Committee on Appropriations. My name is Laura Kliewer and I serve as the director of the Midwest Interstate Passenger Rail Commission, and I'm glad to be here today and thank you for allowing me to speak on behalf of LB486. And as you know, the bill's intent is to pay back dues Nebraska owes to the commission for the state's membership in it, in the compact; to place the dues in the Legislative Council budget going forward; and to commit to paying dues at least through the 2015 fiscal year. The Midwest Interstate Passenger Rail Compact was originally developed by a task force of the Council of State Governments Midwestern Legislative Conference in the late 1990s. A bipartisan group of Midwestern state legislators saw the potential of economic, energy, and infrastructure benefits modern passenger rail development could bring to our region. They understood that intercity passenger rail development is largely an interstate endeavor and sought a way for our states to work together. Nebraska was one of the first states to join the compact. In 2001, Nebraska Governor Mike Johanns signed the compact's enabling legislation into law. Former Senator DiAnna Schimek was one of the first officers of the commission which held its first meeting, a joint meeting with the MLC task force, during the MLC annual meeting which was held here in Lincoln in August 2001. Since 2001, MIPRC, through its bipartisan mix of state-elected officials and their designees, has worked on behalf of its member states to promote, coordinate, and support improvements to passenger rail service. The Midwest is a testament to the fact that people increasingly want the option to take the train, especially with more frequent and reliable service.

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Ridership on existing corridor service, which is 100-600 miles in the Midwest, has been growing rapidly. And one of the handouts shows the full ridership along those routes and along the long-distance routes as well. But in FY 2012, ridership on the nine Midwestern shorter corridor routes combined was almost 3.2 million, double the number of riders on those routes in FY 2004. Five-year growth between FY 2007 and FY 2012 was 35 percent. MIPRC has been a key advocate for a federal partnership with states, similar to other modes of transportation, to assist with the capital investments necessary to build a modern, efficient system...passenger rail system in the Midwest. The commission was successful in having the first major passenger rail program signed into law by President Bush in 2008, and has since helped Midwestern states to secure \$2.6 billion to begin improvements on four key corridors, including the Omaha-to-Chicago corridor. The commission has also worked to ensure the continuance of existing long-distance routes, such as the California Zephyr, which provides a vital transportation option to Nebraska. Another fundamental aspect of the commission's work is frequent communication with MIPRC commissioners regarding important state, regional, and federal passenger rail-related information. We hope that you will agree that Nebraska benefits from the education and advocacy provided and facilitated by MIPRC, and that the state deserves a continued voice in current and future passenger rail development--development which has the significant potential to bring transportation, economic, and environmental benefits to the state. I would be glad to give you more details on MIPRC's benefits to its member states, but want to keep my testimony brief, so I'll give you some information on the dues issue specifically. Annual dues to each state's membership in MIPRC is \$15,000 per year. Since the commission's inception, that dues amount has never gone up. The last year MIPRC received dues from Nebraska was for FY 2009; so the state is in arrears for FY 2010 through FY '13. So the current four years would make it \$60,000, including FY '13. The Nebraska Department of Roads has historically paid MIPRC dues, but in August 2009 I received a letter from NDOR's financial administrator, Steve Maraman, telling me that the Legislature and Governor had taken budget reduction actions and that the annual dues for MIPRC had been eliminated from Nebraska's biennial appropriations for FY 2010 and '11. Then in April 2011, Mr. Maraman informed us that no appropriation to pay the commission dues had been made for FY 2012 or 2013 either. Each state appoints four commissioners to MIPRC. Two are appointed by the governor and two by the legislature. MIPRC's dues fully support commissioners' travel to its meetings. During its 2011 annual meeting held in Chicago in June 2011, MIPRC commissioners considered Nebraska's nonpayment of dues and voted to suspend Nebraska commissioners' travel reimbursement for MIPRC meetings beginning in FY 2012 unless payment in arrears was made. They also asked the appropriate authorities in Nebraska to make a good faith effort to come to agreement with MIPRC on steps that could be taken to restore the state's good standing. In August 2011, MIPRC's chair sent a letter to Governor Heineman, then-Speaker Flood, and the Nebraska MIPRC members reporting the commission's actions at its June meeting and asking that someone be designated to work with the commission. Unfortunately, that designation was never made. Instead, a

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bill was introduced, Senator Dubas mentioned before, to repeal the compact. That bill died in committee last year. So now you have before you an opportunity to bring Nebraska back into full membership in the Midwest Interstate Passenger Rail Compact. Nebraska is a valued member of MIPRC. Together, via the compact, our Midwestern states are able to stand together as a region to promote, coordinate, and support regional improvements to passenger rail service. We hope that you will agree and, through LB486, vote to pay back dues to the commission as well as set the course for payment in the future. Thank you, and I would be glad to answer any questions. [LB486]

SENATOR MELLO: Thank you for your testimony, Laura. Are there any questions from the committee? Senator Harms. [LB486]

SENATOR HARMS: Thank you, Senator Mello. Thank you very much for coming. Can you tell me what kind of studies have been done that shows a potential growth of the railroads, this system that we're trying to establish, and, in fact, will people actually be turning to this for a means of transportation? I mean, what do the studies show us? [LB486]

LAURA KLIEWER: Yes, there have been several regional...there have been a series of regional studies done, called the Midwest Regional Rail System, that Nebraska is included in, that shows the economic impact. It shows the ridership potential. That is the vision that the Midwest is building out right now, starting with those four corridors I mentioned; but there's more to it than that and it's ten-year plan. But we needed the federal partnership for that, and so MIPRC was key in getting necessary federal legislation in 2008 that I mentioned and getting the first federal program for capital investments so that we would have a federal-state partnership to make those...the plan was to build out certain corridors first and then to progress from there. So right now, the Chicago-to-Omaha corridor is being built from Chicago to the Quad Cities, and then the rest is in a planning stage, being conducted by the Iowa DOT. Now that is just the ten-year plan. We as a commission want to look to the future as well. We're working with the Federal Railroad Administration to get further studies done to make 20-year plans, 30-year plans, to really be looking towards the future. And there's certainly...there are studies that have been done, national studies, that have looked to like, if you want to look, like 2050 or something like that, that there would be passenger rail service not only between Chicago and Omaha but Omaha west, between Omaha up through Rapid City and over to the Twin Cities, down to Kansas City. So there's a lot of potential...I mean, formal studies haven't been done on that. Those are...but those are the thoughts that are in the global stage right now. And as we get more funding from the FRA we'll be doing more regional studies as well as more, you know, state-specific ones. [LB486]

SENATOR HARMS: Is this a high-speed train? I mean, what is your view into the future of what kind of a train are we talking about? [LB486]



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LAURA KLIEWER: Right now, the Midwest Regional Rail Initiative Plan is for a maximum 110 mile-per-hour service. That's certainly much faster than we have right now, and more frequencies. We've found that when corridors have frequencies, people are really taking the train. I mean, we have between Chicago and St. Louis right now multiple frequencies, and that ridership has just exploded, and the 110 hasn't even been implemented except on a very short portion of it, yet. The same between Chicago and Detroit. [LB486]

SENATOR HARMS: So what's the cost for...what are you projections on the cost to complete this project? [LB486]

LAURA KLIEWER: The cost to complete the whole system that is just the ten-year system is about \$15 billion, and I don't...you know, that's probably FY '10 money, dollars we're talking about. So that is a federal...that would be a federal-state. We were looking at 80/20-type money once planning...states have to pay for some initial planning, and then the construction is actually...is...we anticipate 80/20 federal and state. [LB486]

SENATOR HARMS: Okay. Thank you. [LB486]

SENATOR MELLO: Senator Kintner. [LB486]

SENATOR KINTNER: Hi, and thanks for coming. [LB486]

LAURA KLIEWER: Hello. You're welcome. [LB486]

SENATOR KINTNER: I think you answered one of my questions I was trying to figure out, you know, do we owe for the back or can we...it looks like we probably were on the gravy train for a year or two getting free transportation on this thing, and they finally cut us off. Is that...it looks like we received some benefit probably... [LB486]

LAURA KLIEWER: Right. [LB486]

SENATOR KINTNER: ...the years we weren't paying. And they finally said, hey, you freeloaders, out of here. Right? Is that kind of what happened? [LB486]

LAURA KLIEWER: Well, I would say that, you know, we do have an annual meeting that is extremely important, but we have many other things throughout the year that Nebraska commissioners are still able to partake in. I mean, what we decided...what the commission decided to do for FY '12 and going forward was to not pay for travel. We do go to Washington, D.C., to educate members of Congress. We go...and we have an annual meeting. But we also have, you know, webinars and other communications and projects going on throughout the year that we never cut Nebraska off from. Nebraska is still fully able to participate in that. [LB486]

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SENATOR KINTNER: So the answer to my question is, can we just get by with \$15,000 or do we got to pay the back stuff? [LB486]

LAURA KLIEWER: I would say that, you know, we certainly can talk with you about options and...but I don't think an option to not pay any back dues would be amenable to our officers. I mean, there would need to be some back payment of dues. I mean, all the other states have been paying faithfully, so. [LB486]

SENATOR KINTNER: Just a question on the...you know, we're coming down the line from Chicago to the Quad Cities and then planning in the future of maybe bringing it all the way almost to Omaha...or to Omaha. Is that plan, is that going to be a dedicated line, a line that we don't have any freight traffic on, is that going to shared with freight? [LB486]

LAURA KLIEWER: It is shared with freight. The Midwest plan has been very frugal, so to speak. [LB486]

SENATOR KINTNER: It's the Midwest way. [LB486]

LAURA KLIEWER: I mean, being able to do it relatively quickly and have frequencies and have good service but without the cost. I mean, it costs ten times more to make a dedicated line than to use...to upgrade the existing. So not that it will never be done in the future, and that's probably part of the 30-year plan. I mean, there's talk of that, but all it is, is talk, and it hasn't been our commission's talk yet because we want to build out the plans that we have already, and then be able to progress and say, okay, maybe there are some places that need a dedicated, you know, line and would...you know, would benefit from it. But that takes more than ten years to do just one line by itself. [LB486]

SENATOR KINTNER: You know, I...and I'm not an expert on rail travel and all this, but I'm learning. I'm getting to know, I'm understanding the issue, and I'm being educated, because I'm being lobbied and people are sending me stuff. I'm kind of getting the feel around. So I'm not an expert on rail stuff but I know quite a bit about politics. I understand politics inside and out. And to try to partner with Washington, D.C., for future expenditures is fool's gold. We are going to spend, over the next ten years, billions, trillions of dollars, on healthcare. It's going to become a bigger and bigger and bigger and bigger part of our budget. And when that gets big, at some point they're going to say, well, we can't do it...you know, they're going to say we can't have these trillion-dollar deficits every year, and they're going to start cutting back. And I'm afraid that this looks like something that five, six, eight years down the line they're going to start looking back, you know, kind of we've got to cut the spending somewhere and we can't, you know, cut our commitment to healthcare so we're going to cut our

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commitment some over here. Do you look down the line and see what I'm getting on that, that the federal government is not exactly a reliable partner when it comes to funding eight, ten years out? [LB486]

LAURA KLIEWER: Well, I mean, you could say that for any mode of transportation. We have worked to bring a truly intermodal transportation plan at the federal level so that all modes of transportation that are needed in our country are...you know, receive funding so that states and the federal government can work together on that. I mean, I don't see it giving up, you know, on helping our...we have more needs in the future as far as, you know, congestion and whatnot; and passenger rail can play a critical role in that. So increasingly, politicians are seeing that that's the case. [LB486]

SENATOR KINTNER: Okay. I was just wondering if (inaudible) wanted to know, you know, what your thoughts were on that. If you (inaudible) I would worry about partnering with the federal government on that, but we'll see what happens. And maybe I'll be wrong. Thank you for coming today. I appreciate it. [LB486]

LAURA KLIEWER: You're welcome. [LB486]

SENATOR MELLO: Senator Wightman. [LB486]

SENATOR WIGHTMAN: Thank you, Chairman Mello. Thank you for being here. I guess I have a couple of questions. One is, as I look at the states that are involved in this, it looks like that two of our surrounding states, South Dakota and Iowa, are not involved. Is there a reason for that, or did they just not join or were they not included in the rail service? I know South Dakota wouldn't have any real large cities to serve, but. [LB486]

LAURA KLIEWER: Yeah, South Dakota doesn't have any passenger rail service right now. They are eligible to join the compact but they haven't; and, you know, frankly, we haven't pushed for it yet. I mean, we do hope that they would join at some point. Iowa was actually in the compact until this year, and they had legislation to withdraw from the compact. And so they aren't currently in the compact, but we do hope to have them back in soon. [LB486]

SENATOR WIGHTMAN: But they didn't go out as early as we did then. [LB486]

LAURA KLIEWER: They didn't go out... [LB486]

SENATOR WIGHTMAN: Didn't we go out in 2009, and which we failed to pay our payment (inaudible). [LB486]

LAURA KLIEWER: Yeah. But Nebraska is still in the compact. [LB486]

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SENATOR WIGHTMAN: Okay. [LB486]

LAURA KLIEWER: Iowa repealed the compact. [LB486]

SENATOR WIGHTMAN: Okay. Thank you. [LB486]

SENATOR MELLO: Senator Bolz. [LB486]

SENATOR BOLZ: Good afternoon. I appreciate your comments regarding the economic impact of passenger rail, and I'm just curious if you might be able to elaborate on that a little bit more and tell me specifically if you have any relationships or strategies with private industry in Nebraska or in other states. [LB486]

LAURA KLIEWER: Well, certainly railroad suppliers are a critical component of any kind of development in passenger rail, and there have been studies done on how much economic development it brings for not only the direct passenger rail, freight, you know, the service itself, but also for suppliers of passenger rail. But to answer your question, we don't have specific relationships right now with Nebraska companies. There was an economic impact study done by the Midwest Regional Rail Initiative in 2008 that included the benefits that it would bring to Nebraska, both the user community and station development benefits as well as the environmental benefits, and I have that information that I can give to you if you like. [LB486]

SENATOR BOLZ: Great. Thank you. [LB486]

LAURA KLIEWER: Yeah. [LB486]

SENATOR MELLO: Senator Harms. [LB486]

SENATOR HARMS: Thank you, Senator Mello. Again thank you very much for coming. Can you tell me, what is your budget? How much is your budget? [LB486]

LAURA KLIEWER: Our budget is...has...well, it's different every year. But in 2012, it was about \$172,000. [LB486]

SENATOR HARMS: And how much of that budget...what's your administrative FTE cost in that budget? [LB486]

LAURA KLIEWER: The FTE is less than two. I am the director and I'm half-time on it, and we have a federal consultant and then we have some support staff. So that's the staff for the compact right now. [LB486]

SENATOR HARMS: So then is the majority of your dollars used for staffing or planning

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or your travel for...? [LB486]

LAURA KLIEWER: Yeah. Travel is probably around 35 percent of the budget and there is...you know, there's office and there are meetings, of course, funding for meetings, and then other products that we do throughout the year, you know, but for...just for all the things that go along with staffing a commission, the communications and whatnot. [LB486]

SENATOR HARMS: Thank you. [LB486]

SENATOR MELLO: Senator Nelson. [LB486]

SENATOR NELSON: Thank you, Mr. Chairman. Thank you for coming. On your map here, there are green lines and blue lines. Are those different railroad lines, is...? [LB486]

LAURA KLIEWER: Yeah. I probably need one in front of me. I'm sorry, I don't have it. But...thank you. Yeah, if you go to our Web site you will see the progression of the lines. The blue are long-distance lines and then the green is the Midwest Regional Rail Initiative, what the plans are for that; and oftentimes, they go over the blue as well, so the blue would turn to green. The yellow-orangish is Ohio hub plans, and then the pink are some additional plans that our states have been working on, so... [LB486]

SENATOR NELSON: Well, there's...thank you, the green line across Iowa, through Iowa City and Des Moines to Omaha, and then there's a lower line there in blue that goes through Osceola. Is that the current Amtrak line now, the blue? [LB486]

LAURA KLIEWER: Right. Yeah. [LB486]

SENATOR NELSON: Okay. So is the idea, would we abandon that and the initiative would be the green line then? Would that be building? [LB486]

LAURA KLIEWER: No, we have not proposed getting rid of long-distance service. We're just proposing enhancing service. [LB486]

SENATOR NELSON: So the blue is long-distance service. [LB486]

LAURA KLIEWER: Yeah. [LB486]

SENATOR NELSON: Yes. Okay. You know, I'm not asking but Iowa would certainly have a vested interest in this, wouldn't they, I mean? [LB486]

LAURA KLIEWER: Yeah. [LB486]

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SENATOR NELSON: And yet their legislature chose to withdraw. I... [LB486]

LAURA KLIEWER: Yeah. I mean, it's...you know, how some of these things go somehow. I don't know if Nebraska can do that, but in Iowa it was kind of put in a junk bill at the very end where they throw everything in, and you can either vote up or down; and that's what happened. So I'm just being frank with you. I mean, there just was not...you couldn't amend it out. There wasn't any discussion. It just was...I can't remember what they call it, but I call it a junk bill, (laugh) you know, at the end of the session. [LB486]

SENATOR NELSON: Well, that's fine. Thank you. I appreciate that. [LB486]

SENATOR MELLO: Thank you, Senator Nelson. Are there any further questions from the committee? Seeing none, I don't really have a question. I just...I appreciate...Laura, I appreciate all the work CSG does in regards to working with our unique Unicameral Legislature, not just through the rail compact but through a variety of other avenues, primarily thorough the Midwest Legislative Conference. And, no doubt, it was a question I think Senator Kintner asked, and Senator Dubas mentioned during her testimony, that more than likely this committee, probably through our Fiscal Analyst, will be following up with you in regards to the question Senator Kintner asked and proposed to how do we go about any potential...or dues that are in arrears, so to speak, as well...in comparison to moving forward with dues for maybe the current fiscal years moving forward. So I will thank you in advance for working with our Fiscal Office as the committee starts to consider potential solutions moving forward. So thank you. [LB486]

LAURA KLIEWER: Sure. Thank you. You're welcome. I'd be glad to work with anyone on any ideas that...I mean, we have some thoughts, but we'd be glad to work with you on anything that you want to propose. [LB486]

SENATOR MELLO: Okay. Thank you, Laura. [LB486]

LAURA KLIEWER: Thank you. [LB486]

SENATOR MELLO: We will take the next proponent for LB486. [LB486]

DAVID PURDY: (Exhibit 4) Good afternoon. My name is David Purdy, D-a-v-i-d P-u-r-d-y, and I am the president of ProRail Nebraska. And incidentally, I have a cheering section with me. Five members of the club are right here to make sure I do things right. I do have written commentaries, which I should have handed to the page, but I sort of faked them out. I will not try to duplicate what's in the handout in the interest of saving time. But I do want to make a couple of important and pertinent points. The first one is that passenger rail exists and that it is headed our way. You have heard

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Laura say that they have started work on the line from Chicago to Moline, Illinois. That's an Illinois state project that's entirely within their borders. The next step is a portion from Moline to Omaha. Now that is being handled by the Iowa Department of Transportation with about half of the money being put up by the federal government. The total amount of money involved in the engineering design is \$2 million. The state of Nebraska has chosen to ignore this work. They have offered no support. The city of Omaha has participated to the extent of supplying a letter in support of the project, which was part of the application when the state of Iowa made their application. Now what I want to get across is that this is a real project and it will affect the state of Nebraska. It will affect them as we see fit to participate. And one important function of the bill that's before you is to ensure that we at least have the latest information on this kind of thing. If you go to the meetings, like I have, where the...the public meetings with the state of Iowa discusses this thing, you will see that they don't really care about Omaha although that's part of their study requirements. The mayor of Council Bluffs, for example, concentrates on making sure that a Council Bluffs station or terminal is as it suits his town, and the same attitude relates to the rest of the project, so that if Nebraska does not participate, the state of Iowa will do things the way they want. ProRail thinks that we should push for continuing the project down to Lincoln, part of that being economic. It can be argued that extending the line just to Omaha will be very expensive because a bridge is required across the Missouri River, and you can question whether it's good to spend a lot of money on a bridge that serves only a couple of additional miles of track. So we think that we would look a lot better if it were extended to Lincoln. But if we don't participate, nobody is going to know that and it won't happen. The other point I wanted to get across is that rail development, if it doesn't point toward Omaha, it will go in different directions. The state of Illinois and the state of Missouri, between the two of them are ensuring that there is a direct link between Kansas City and Chicago. Missouri runs a railroad train across Missouri and is continuously upgrading it, and Illinois picks it up there. So again, if we don't participate, we don't know this; and that's where things will go and we won't be tied in to that part of the system. It would be nice if we had railroad service from Omaha to Kansas City so we would tie in with that also, but there's no plans in anybody's book for that at the moment. Okay, that concludes my testimony. [LB486]

SENATOR MELLO: Thank you for your testimony, Mr. Purdy. Are there any questions from the committee? Seeing none, thank you. [LB486]

DAVID PURDY: Um-hum. [LB486]

SENATOR MELLO: We will take the next proponent on LB486. [LB486]

RANDY MEEK: (Exhibit 5) Good afternoon, Senators. My name is Randy Meek, that's R-a-n-d-y M-e-e-k. I'm chairman of the Nebraska state legislative board of the Brotherhood of Locomotive Engineers and Trainmen, representing approximately 1,100

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members who operate trains in the state of Nebraska on the Burlington Northern-Santa Fe and the Union Pacific. I appear here today to state our members' support for LB486 and its goal of restoring funding to the Midwest Interstate Passenger Rail Compact. We certainly believe that, aside from any jobs, the potential economic and quality of life benefits from this effort more than justifies the funding being asked for. The corridor being proposed from Omaha to Chicago will, in our opinion, benefit a greater number of our especially eastern citizens than the current route Amtrak takes to Omaha. It is also worth noting that ultimately the trains being proposed will be created with state input and likely some state funding, making them much less likely to be eliminated at the whim of a budget-cutting Congress. The yearly attacks on Amtrak from those that believe train transportation should be self-funding, put the option and benefit of train travel in Nebraska at risk each year. These same budget hawks would never put forth that airline or highway travel should be entirely self-supporting. In conclusion, we urge and strongly support the adoption of LB486 and request your support for its passage. And that's all I have. [LB486]

SENATOR MELLO: Thank you for your testimony, Mr. Meek. Are there any questions from the committee? Seeing none, thank you, Randy. [LB486]

RANDY MEEK: Thank you. [LB486]

SENATOR MELLO: Are there any further testifiers here on behalf of LB486? [LB486]

BOB BORGESON: Yes, sir. I don't have a handout. I'll just briefly address the committee. My name is Bob Borgeson. I'm the state legislative director for the United Transportation Union, the transportation division of SMART. [LB486]

SENATOR MELLO: Bob, could you please spell your name for the record, please? [LB486]

BOB BORGESON: B-o-r-g-e-s-o-n. [LB486]

SENATOR MELLO: Thank you. [LB486]

BOB BORGESON: And a fellow director within the UTU in Illinois is a member of this compact. I don't have a lot of facts that I could add to it. I do know that our organization supports it and I would urge the passage of the bill, so. [LB486]

SENATOR MELLO: Thank you for your testimony, Bob. Are there any questions from the committee? [LB486]

BOB BORGESON: Thank you very much. [LB486]



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SENATOR MELLO: Seeing none, thank you. Are there any further testifiers here in support of LB486? Seeing none, are there any opponents to LB486? Seeing none, are there any testifiers here in the neutral capacity? Seeing none, Senator Dubas, would you like to close? [LB486]

SENATOR DUBAS: Just very quickly, Senator Mello and committee. As I stated in my opening, whatever this committee chooses to do, I'm in agreement. Hopefully, that we're going to move forward and be a part of this compact, and however we can make that happen I'm in agreement. So anything that I can do from my office, please let me know. And I appreciate your attention. And if there's further information that you need, please let me know that as well. [LB486]

SENATOR MELLO: (Exhibit 6; see also Exhibit 14) Thank you, Senator Dubas. Are there any further questions from the committee? Seeing none, thank you. The committee did receive a letter of support for LB486 from the city of Lincoln for the record. That will end today's public hearing on LB486 and take us to our first agency hearing of the day, Agency 7, Office of the Governor. [LB486]