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Transcriber's Office

Natural Resources Committee
January 21, 2016

[LB672 CONFIRMATION]

The Committee on Natural Resources met at 1:30 p.m. on Thursday, January 21, 2016, in Room 1525 of the State Capitol, Lincoln, Nebraska, for the purpose of conducting a public hearing on LB672 and gubernatorial appointments. Senators present: Ken Schilz, Chairperson; Curt Friesen, Vice Chairperson; Dan Hughes; Jerry Johnson; Rick Kolowski; Brett Lindstrom; John McCollister; and David Schnoor. Senators absent: None.

SENATOR SCHILZ: (Recorder malfunction)...hearing. I'm Senator Ken Schilz from Ogallala. I'm Chair of the committee. I'd like to welcome everyone here. I will now allow our senators that are with us today to introduce themselves. We'll start over to my left, Senator Kolowski.

SENATOR KOLOWSKI: Thank you, Mr. Chairman. Rick Kolowski, District 31, southwest Omaha.

SENATOR McCOLLISTER: John McCollister, District 20, central Omaha.

SENATOR SCHNOOR: David Schnoor, District 15, Dodge County.

SENATOR LINDSTROM: Brett Lindstrom, District 18, northwest Omaha.

SENATOR FRIESEN: Curt Friesen, District 34, Hamilton, Merrick, Nance and part of Hall County.

SENATOR JOHNSON: Jerry Johnson, District 23, Saunders, Butler, and most of Colfax Counties.

SENATOR HUGHES: Dan Hughes, District 44, ten counties in alphabetical order in southwest Nebraska: Chase, Dundy, Frontier, Furnace, Gosper, Harlan, Hayes, Hitchcock, Perkins and Red Willow. (Laughter)

SENATOR SCHILZ: Thank you, Senator. He's pretty proud of that. I'd also like to introduce our committee clerk today, Barb Koehlmoos; and to my left here is Laurie Lage, she is the legal counsel for the committee. And we have two pages...well, one page today, but normally we have two. Kellie Wasikowski, is here. She's a sophomore from UNL and she's...and then we have Jake Kawamoto. He's also...I think he's a junior at UNL. So that's pretty good. We enjoy having them here. Today we're going to discuss one bill and three confirmations, LB672, Senator Krist's bill

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that will come up after the three confirmations that we had and if you are planning on testifying, please pick up a green sheet at the tables in the back of the room. If you do not wish to testify but would like your name entered on the official record as being present at this hearing, there's a form on the table that you can sign and that will become a part of the official record. Please fill out the sign-in sheet before you testify. Please print, and it's important to complete the form in its entirety. And when it's your turn to testify, give the sign-in sheet to Barb over there, committee clerk, and that will help us make a more accurate public record. If you do not choose to testify, you can also submit comments in writing and have them read into the official record as well. If you have handouts, please make sure you have at least 12 copies for the pages to hand around to the committee. If not, let us know and we'll try to work with you to get that done. And when you come up to testify, please speak clearly into the microphone. Tell us your name and spell your first and last name even if it's an easy one. Please turn off your cell phones at this time, turn to silent, and keep your conversations to a minimum, or if you need to especially take a call, take it out into the hallway. We don't allow any displays of support or opposition to a bill, local, or otherwise, so we appreciate the respect the testifiers deserve. We probably will not use the light system today but it's there and at times we do employ that. So, with that being said, we will go to our first confirmation and that is for Daniel Kreitman, I believe, Game and Parks. Mr. Kreitman, welcome.

DAN KREITMAN: Thank you.

SENATOR SCHILZ: Yes, I pronounced that right, didn't I?

DAN KREITMAN: Yes, you did. [CONFIRMATION]

SENATOR SCHILZ: Okay, very good. If you could just please say and spell your name, and... [CONFIRMATION]

DAN KREITMAN: (Exhibit 1) My name is Dan Kreitman, D-a-n K-r-e-i-t-m-a-n. [CONFIRMATION]

SENATOR SCHILZ: And then just give us a little bit of your history how...is this a first-time appointment to Game and Parks? [CONFIRMATION]

DAN KREITMAN: Yes, it would be a first-time appointment to Nebraska Game and Parks. [CONFIRMATION]

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SENATOR SCHILZ: Very good. Could you just give us a little bit of your background, how you became interested, and what your interests are as you serve on the...if you serve.

[CONFIRMATION]

DAN KREITMAN: Well, I became interested with the Game and Parks many years ago. I've worked on some projects with them in different parts of the state. We have properties throughout the state in the northeast to the southeast to the central Nebraska and northwest Nebraska. And with the properties that we have, we've come across the Game and Parks in many different operations, easements, water rights, a lot of different variety of things. I've always been interested in the Game and Parks. This position became open and I have applied for it and I'm looking forward to working with Game and Parks in a lot of different capacities. One of my main goals is to get our youth involved in the outdoors, get more youth involved in...it doesn't have to just be hunting and fishing, but there's a lot of different recreational activities that I don't think our youth today are taking advantage of. And our state has great resources and resources for young people to entertain. Another goal would be to try to get our pheasant hunting back in our state. There's a lot of areas in our state...I'm pretty diverse through the state. We may never have pheasants around Omaha and Lincoln like we used to, but there's a lot of areas in the state that can support this type of activity. And it's a huge economic impact, I can see for a lot of small areas throughout Nebraska. It used to be that way when I started hunting in the 60s and 70s and it has just slowly faded out. I think the Game and Parks is actively addressing that situation as I sit here, and I would like to try to carry that on. Thank you. [CONFIRMATION]

SENATOR SCHILZ: Any questions for Mr. Kreitman? Senator Schnoor. [CONFIRMATION]

SENATOR SCHNOOR: Dan, thanks for coming. What do you see as the role of the Game and Parks Commission? [CONFIRMATION]

DAN KREITMAN: Myself? [CONFIRMATION]

SENATOR SCHNOOR: Yes. [CONFIRMATION]

DAN KREITMAN: As my role? I would be involved in a lot of the decision making factors. There would be some budgets that come into play where that money would go. I would be part of that. I know that. There's a lot of decisions with the parks, different scenarios. I have attended every meeting this year, Game and Parks meeting, so I'm well-versed on what's been on the table in where they're going and I would like to continue to help that carry on. [CONFIRMATION]

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SENATOR SCHNOOR: Okay, and then my last question. What do you think you can do for state parks that are, I guess, and I'll say being abandoned, and that may be an extreme term, but that's what some people feel. For instance in my district, Dodge County, we have Dead Timber that is...it has all but been abandoned that nobody...it doesn't get taken care of very much anymore, therefore, nobody goes there anymore. What do you think the Game and Parks can do to help preserve places such as that? [CONFIRMATION]

DAN KREITMAN: Well, in...you know, this would be premature for me to really have a decision as to how we can fix that, but I would certainly look at it. But I think a lot of it depends on budgets that the Game and Parks, the money they have to work with. I think naturally they'd like to have them all up and operating, but I don't think that's entirely possible.
[CONFIRMATION]

SENATOR SCHNOOR: Okay. Thanks, Dan. [CONFIRMATION]

SENATOR SCHILZ: Thank you, Senator Schnoor. Senator Hughes. [CONFIRMATION]

SENATOR HUGHES: Thank you, Mr. Kreitman, for coming in today. You said you had attended all of the meetings this past...this year. [CONFIRMATION]

DAN KREITMAN: Yes. [CONFIRMATION]

SENATOR HUGHES: You mean '16 or '15? [CONFIRMATION]

DAN KREITMAN: For '15. [CONFIRMATION]

SENATOR HUGHES: Okay, so and how many meetings would that have been?
[CONFIRMATION]

DAN KREITMAN: That would have been six meetings throughout the state.
[CONFIRMATION]

SENATOR HUGHES: Okay. So you're pretty much up to speed on what... [CONFIRMATION]

DAN KREITMAN: I can hit the ground running. [CONFIRMATION]

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SENATOR HUGHES: Okay. One more question. How do you feel about mountain lion hunting?
[CONFIRMATION]

DAN KREITMAN: I'm certainly glad that you put it back in the Game and Parks hands.
[CONFIRMATION]

SENATOR HUGHES: So far. Thank you. [CONFIRMATION]

SENATOR SCHILZ: Senator Johnson. [CONFIRMATION]

SENATOR JOHNSON: I forgot my train of thought...oh, there's some bills in front of the Legislature for additional funding for Game and Parks in different ways. We've tried to do it with getting your license and things like that. Have you looked at those bills? Do you have any feeling on how best way for us to move ahead in order to get more funding? [CONFIRMATION]

DAN KREITMAN: Well, the one thing I know that was either tabled or dropped was with the license plates. I think that would have been a great option, but it didn't go through. I definitely think we need to increase our fees. We're lower than most of the states. [CONFIRMATION]

SENATOR JOHNSON: User fee type? [CONFIRMATION]

DAN KREITMAN: Yes. [CONFIRMATION]

SENATOR JOHNSON: Thank you. [CONFIRMATION]

SENATOR SCHILZ: Thank you, Senator Johnson. Any further questions? Senator McCollister.
[CONFIRMATION]

SENATOR McCOLLISTER: Thank you, Mr. Chairman. Game and Parks has some arrangements with the local communities for some of those parks. You were talking about with Mr. Schnoor, a park in your area. Is that the kind of arrangement that you're familiar with or know about? [CONFIRMATION]

DAN KREITMAN: I really am not that familiar with that question. [CONFIRMATION]

SENATOR McCOLLISTER: Okay. Thank you, Mr. Chairman. Thank you. [CONFIRMATION]

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SENATOR SCHILZ: Thank you, Senator McCollister. Any other questions? Seeing none, thank you very much, sir. [CONFIRMATION]

DAN KREITMAN: Thank you. Thank you for your time. [CONFIRMATION]

SENATOR SCHILZ: And now we'll take proponents for Mr. Kreitman. Do we have any proponents? [CONFIRMATION]

KORBY GILBERTSON: Good afternoon, Senator Schilz and members of the committee. For the record, my name is Korby Gilbertson, K-o-r-b-y G-i-l-b-e-r-t-s-o-n, and generally I'm appearing before you as a lobbyist, but today I'm here on behalf of myself. I have had the pleasure of knowing Mr. Kreitman since I was an infant and he and my father were very close friends. Senator Schilz knew my father and my dad was a lifelong supporter of youth being involved in wildlife conservation and hunting, and I as a young kid, hunted. And Senator Schilz and I even first met shooting trap for the university, so I wanted to just say a few things about Dan and I'll hopefully embarrass him. He didn't ask me to do this and he may kill me later for doing it. (laughter) But when you think about the Game and Parks Commission and you think of their duty to protect wildlife and our habitat in the state, and to promote hunting and fishing in a way that protects the habitat and protects the species, you cannot think of someone better than Dan Kreitman to do that. So I just wanted to give you my two cents worth and be happy to answer any questions. [CONFIRMATION]

SENATOR SCHILZ: Thank you, Korby. Any questions? Seeing none. [CONFIRMATION]

SENATOR HUGHES: I do have one, Mr. Chairman. [CONFIRMATION]

SENATOR SCHILZ: Senator, you weren't quick enough. (Laugh) [CONFIRMATION]

SENATOR HUGHES: Korby, who's a better shot, you or Senator Schilz? [CONFIRMATION]

KORBY GILBERTSON: I'll let him answer that question. (Laughter) [CONFIRMATION]

SENATOR SCHILZ: That's no doubt. It wasn't me. (Laughter) [CONFIRMATION]

KORBY GILBERTSON: Thank you. [CONFIRMATION]

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SENATOR SCHILZ: Thank you, Senator Hughes. Any further proponents? Seeing none, any opponents? Seeing none, any neutral testimony? Seeing none, that will end the hearing on Mr. Kreitman. Thank you very much for coming in today. And we will move on to our second hearing for the day, which is Timothy Else for the Nebraska Ethanol Board. Good afternoon, sir. Welcome. [CONFIRMATION]

TIM ELSE: (Exhibit 2) Good afternoon. Thank you. My name is Tim Else and that's spelled T-i-m E-l-s-e. [CONFIRMATION]

SENATOR SCHILZ: And just like before, if you would give us a little bit of your background and your interest in sitting on the board and what your goals are in doing that, you've gone through that for sure. [CONFIRMATION]

TIM ELSE: Sure. On background, I'm on a farm in Thayer County, but I live in the town of Belvidere and with my brother raise corn, beans, a little bit of wheat and alfalfa, have a cow herd, and have a few cattle in a couple custom lots, so a diversified operation. This will be my--if you guys give me the thumbs up--will be my fourth term on the Ethanol Board and throughout the past three terms it's been the whole gambit of emotions, you might say, in the ethanol industry from growing the industry in the state to now just trying to sort of maintain. And I guess for my fourth term, that's probably my main goal is just to hang on to what we have and not let people chip away at the ethanol industry, the fuel itself, and try to combat all the negative press and things out there that seem to want to take away this industry almost from our state that's really provided a lot of good jobs, a lot of benefits for farmers like me as not only selling something to the ethanol plant, but also buying feed back from it, so, and the fuel. So, I guess for my fourth term, that's what I'd like to focus on. [CONFIRMATION]

SENATOR SCHILZ: Being a caretaker, basically. [CONFIRMATION]

TIM ELSE: Yes, basically, that's where we're at right now. [CONFIRMATION]

SENATOR SCHILZ: Very good. Any questions? Senator Friesen. [CONFIRMATION]

SENATOR FRIESEN: Thank you, Chairman Schilz. Mr. Else, you know the ethanol industry obviously is probably going through kind of a struggling period right now with oil prices where they're at. What rule do you see the Ethanol Board, or what kind of challenges, I guess, do you look at and what kind of help might you need to address some of those issues that you're facing? [CONFIRMATION]

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TIM ELSE: Well, money is always an issue for us. We're a very small budget or low-budget group there, and we don't have a lot of resources to work with. We piggyback with like the Corn Board and things like that or people like that to help grow the dollars. And it just...it takes a lot of money to combat some of these other industries that have a big bankroll behind them like the oil groups and/or the grocery manufacturers, or anybody like that, that can come up with some negative press for ethanol and seem to run with it. And it takes a lot of time and a lot of dollars to combat that. [CONFIRMATION]

SENATOR FRIESEN: What kind of impact do you think the changes made in the RFS will have in the near term? [CONFIRMATION]

TIM ELSE: In the near term I don't see a lot of changes, I guess. We went over that this morning in our board meeting and the corn portion is pretty much capped at the 15 billion and so without some changes in the way the carbon footprint is figured, I guess the corn really can't go above that so it's the cellulosic portion above that that's sort of up in the air and sort of, you might say, the underperformer so far in the ethanol business. And the corn, we have proven we can produce plenty of corn without curtailing food or anything like that. So in the short term, no big changes I guess from the RFS. [CONFIRMATION]

SENATOR FRIESEN: Okay. Thank you. [CONFIRMATION]

SENATOR SCHILZ: Thank you, Senator Friesen. Senator McCollister. [CONFIRMATION]

SENATOR MCCOLLISTER: Thank you, Chairman Schilz. Is the ethanol industry in a pretty healthy financial position right now, or is it having financial difficulty? [CONFIRMATION]

TIM ELSE: Well, I can't speak for individual plants but as the whole, I think right now at least margins are really tight, really slim. So that's not doing them any great favors, you might say. Plants, the more efficient ones, figured out how to have more income streams than just ethanol and DDG. I think they're probably doing a little better than the rest of them, but as a whole the industry right now it's sort of struggling with cheap oil, of course. [CONFIRMATION]

SENATOR MCCOLLISTER: Well, thank you. Thank you, Chairman Schilz.
[CONFIRMATION]

SENATOR SCHILZ: Thank you, Senator McCollister. Senator Schnoor. [CONFIRMATION]

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SENATOR SCHNOOR: Tim, do you see...I don't know if I can even pronounce this word, cellulothic--is that the right term--ethanol? [CONFIRMATION]

TIM ELSE: Cellulosic, yes. [CONFIRMATION]

SENATOR SCHNOOR: Do you see that ever taking hold in Nebraska? [CONFIRMATION]

TIM ELSE: That's a good question. We certainly have the resources, the roughage, you might say, for it. But it creates a whole another set of problems with it just the transportation, the storage of that. It's not like pouring corn into a bin and it will be fine a month from now when you want to take it out. There are a lot of moving parts to that getting the different enzymes to break down that roughage. I would like to say yes, I would see it moving forward, but at current prices and things like that there's really not a lot of incentive that I can see. That's just my opinion. [CONFIRMATION]

SENATOR SCHNOOR: Okay. Okay. Thanks. [CONFIRMATION]

SENATOR SCHILZ: Thank you, Senator Schnoor. Senator Kolowski. [CONFIRMATION]

SENATOR KOLOWSKI: Thank you, Mr. Chairman. Tim, thank you for running again and hopefully this will work out very well. How many years have you been on the board now? [CONFIRMATION]

TIM ELSE: Three four-year terms or 12 years. [CONFIRMATION]

SENATOR KOLOWSKI: Twelve years. And are your...are the ethanol producers in various states fairly well-connected as far as discussions with one another or learning what they're doing in different states, and any ideas or need for legislation or something creative coming from your contacts with other people in other states over time? [CONFIRMATION]

TIM ELSE: None that I can see, but I know Todd and Doug were just over in Iowa meeting with their ethanol folks. There is a lot of cooperation between states that I can see, which is good, and that's what it's going to take to move forward. As far as the legislation, I guess I'm for smaller government so I can't see anything that would be necessary at that point or along that line, I guess, to help. [CONFIRMATION]

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SENATOR KOLOWSKI: But any good ideas that somebody is coming up with with another state that could be helpful to ours? [CONFIRMATION]

TIM ELSE: I see. Well, they're all sort of in the same mode that we are just trying to promote ethanol and there are a lot of different ideas and promotions out there. We look at several or different ideas, but a lot of time we run into budget constraints. So, I don't know. As far as marketing goes, there are always good ideas. There is always another good idea just around the corner, it just takes somebody to, with a fourth grade mind than mine...mind to mind to think of. [CONFIRMATION]

SENATOR KOLOWSKI: Okay. Thank you. [CONFIRMATION]

SENATOR SCHILZ: Thank you, Senator Kolowski. Any other questions? Seeing none, thank you very much for coming in today. We appreciate it. [CONFIRMATION]

TIM ELSE: Thanks for your time. [CONFIRMATION]

SENATOR SCHILZ: Sure. Proponents for Mr. Else. Any proponents? Any opponents? Seeing none, any neutral testimony? Seeing none, that will close our hearing on Mr. Else, and now we will have Jan Tenbense. I hope that's how you pronounce it. Good afternoon, sir. [CONFIRMATION]

JAN TENBENSEL: (Exhibit 3) Good afternoon, Senators. My name is Jan Tenbense, J-a-n T-e-n-b-e-n-s-e-l and I'm from Cambridge, Nebraska. [CONFIRMATION]

SENATOR SCHILZ: Very good. Thanks for coming in today and just like Mr. Else did, could you just kind of explain this. Is this your first? [CONFIRMATION]

JAN TENBENSEL: Yes. This is my second testimony in front of the Natural Resources Committee. The first time was about 14 years ago and I knew nothing then, and just a little more now. (Laughter) [CONFIRMATION]

SENATOR SCHILZ: Very good. Well, if you could just tell us a little bit about yourself. [CONFIRMATION]

JAN TENBENSEL: Well, I'm from Cambridge, Nebraska, born and raised there, except for a stint in the Nebraska National Guard and attended UNK for a while there. I'm married and have

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two small children, two twins, two years old today. They're aging very rapidly, I'm afraid. I farm south of Cambridge, Nebraska, a diversified crop farm, wheat, milo, corn, soybeans, sometimes sunflowers, no livestock. Very involved in economic development. I've been on the Economic Development Council with Cambridge for, several...at least 12 years. And at the school, of course, I've been a school board member for 12 years also. Do a lot of volunteer work with the community. I'm the guy that always played Santa Claus back before I was married and worked with the county carnival. I'm on the carnival board for the county. We put on a home-owned carnival and that sort of thing. So I've done a lot of public service and really enjoy that. The interest that brought me to the Ethanol Board, I've been very interested in ethanol for 20 years. I've always been a proponent and when the KAAPA plant came to fruition, I looked at it as a donation, which I couldn't afford, but I just wanted to see an active plant near us and an option to take some of our grain there. Of course, KAAPA worked out well and then since then we've been hearing various things. It seems like there's always someone behind the curtain pulling the strings and trying to slow down the ethanol revolution, as I've called it. And I just...I feel there's a lot of economic development, especially with us looking into a hard agricultural time period the next two or three years, so we can't certainly lose any ground on any of our markets, especially ethanol. [CONFIRMATION]

SENATOR SCHILZ: Very good. Any questions? Senator Hughes. [CONFIRMATION]

SENATOR HUGHES: Jan, welcome today. [CONFIRMATION]

JAN TENBENSEL: Thank you, Senator. [CONFIRMATION]

SENATOR HUGHES: Would you give us your perspective of being someone, not only a farmer, but a citizen of Cambridge, what the impact that the Cambridge ethanol plant has had on Cambridge and the surrounding area? [CONFIRMATION]

JAN TENBENSEL: Well, the impact has been huge. The...I'm sure I can give you a table as some preparation, but it's not just the 34, 36 jobs at the plant, it's all the trucking, the truckers. It's the...the biggest thing for me personally has been the additional market for grain, you know, allowing us to catch, you know, catch a little bit more of an end-user instead of going through the middleman for our production. The ethanol plant, you know they put up a E-85 fueling station with blender pumps so we have E-15, E-30, and E-85 available when most communities don't. We also have biodiesel label at all times, you know, thanks to the same company. It's really led to some tremendous economic benefit for the town. We've been able to build a new hotel last year because of the TIF results from the ethanol plant itself. We also developed a new subdivision, all in fruition of the things from the ethanol plant. It's just been a wonderful addition to town. We've

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got a great owner-operator family there. They're good people. They're from Michigan and they're really a good corporate neighbor and a good neighbor. [CONFIRMATION]

SENATOR HUGHES: Thank you. [CONFIRMATION]

SENATOR SCHILZ: Very good. Any other questions? Senator Schnoor. [CONFIRMATION]

SENATOR SCHNOOR: Jan, first off, thank you for your service in the Guard. Do you serve on any other elected boards? [CONFIRMATION]

JAN TENBENSEL: Yes, I'm elected to the Cambridge School Board. [CONFIRMATION]

SENATOR SCHNOOR: Okay. And then I'll ask you the same questions as the gentleman before and I'll still get the word wrong, but cellulopic (sic) ethanol or what are your thoughts on that for Nebraska? [CONFIRMATION]

JAN TENBENSEL: Well, of course, Hunter on the board can speak much better for cellulosic than I can, but my belief for cellulosic is that eventually as technology available, will fit very well into our ethanol system. And I may be speaking out of school here because I don't know everything yet by any means, but, you know, they've had plans in Texas to...of course with the economy issues that have hit their economy a little bit, but they were going to do clockwork projects where they did a large circle of mesquite debris and processed it as the years went on. Every four years, mesquite would regenerate itself and those type of situations. I see the same things for our state eventually in some of the tall grass prairie areas, you know, especially in the west, where we can basically use crop debris and natural debris as a cellulosic that advanced biofuels projects. Now, if the technology is going to be there while they're still sitting here on any of these boards or any of these committees, that's a good question. But eventually, I believe the need will come and it will be there. [CONFIRMATION]

SENATOR SCHNOOR: Okay. Thanks, Jan. [CONFIRMATION]

SENATOR SCHILZ: Thank you, Senator Schnoor. Any other questions? Seeing none, it looks like you got off pretty good. [CONFIRMATION]

JAN TENBENSEL: Thank you. [CONFIRMATION]

SENATOR SCHILZ: So, great. Thanks for coming in. [CONFIRMATION]

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JAN TENBENSEL: Thank you very much. [CONFIRMATION]

SENATOR SCHILZ: Proponents for Mr. Tenbenschel. Any proponents? Any opponents? Seeing none, any neutral testimony? Seeing none, that will end our hearing on Mr. Tenbenschel and end our confirmation hearings for today. And we will move on now to LB672. And I see Senator Krist is in the room and he is welcome to come and open up on the bill. Good afternoon, Senator. [CONFIRMATION]

SENATOR KRIST: (Exhibit 1) Good afternoon. Thanks, Senator Schilz and members of the Natural Resources Committee. For the record, my name is Bob Krist, B-o-b K-r-i-s-t. I represent the 10th Legislative District in northwest Omaha along with north central portions of Douglas County, which include the city of Bennington. And I appear before you today in introduction and support of LB672. Let me just start off by saying that there were a lot of phone calls after this bill got drafted. (Laughter) And I think that's good because what I have done with this one is, in asking a question over the last few years, I don't think I reasonably was responded to then by former leadership in the agency with the answers to some questions. A couple of those questions had to do specifically with legislation that was passed, LB163, by Senator Rod Johnson, February 9, 1989, and I'm going to leave this for you. This is the transcript of that hearing. It outlines the purpose of this dollar fee for tire and what it is supposed to be used for. And my intent was to only watch some of these taxes and fees and make sure that they were going for what they should have gone for. In a term-limited environment, I think every once in a while we need to pick up the book, dust it off, and say, is it still being used the way it needs to be used? Do we need to add money to it? Is the cash fund big enough? Is it too big? Is it being managed in a correct way? I thank Mr. Macy for coming to talk to me from DEQ. Of course, it was brought to his attention right after it was dropped. And I believe that after going through his 528 report as they call it, LB528 is applicably named, 528 report, because LB528 said, hey, you have to write a report and tell us what you're doing in the agency. And I think you'll see in there that there's some numbers and some credit being given for grants and how those things were distributed. I still can't filter through whether the fee is locked up with other funds that are distributed in grants and going in different directions, and if that is an appropriate amount of money. And I think that your workload within the committee might allow you to take a better look at it as a committee. It didn't rise to the level of an interim study, certainly not a performance audit, for sure, but it is something that I think we should be concerned with to make sure that the money is being spent, the fees are being taken in. How did it come to my attention? I think you all have places you go and there seems to be a coffee clutch of sorts that forms and there's always opinions. And now that you're all elected officials, you know how that goes. Why in the, did you...okay. Well, this was one of those and it was a tire dealer that I was sitting at and some guy said, you know, I pay a dollar for this and a dollar for that, and you raise the taxes on fuel and the Governor didn't want it, and he promised no taxes, and a million here, a million there, it's big money some day. Right? Well, that's the joke, but the reality is that I think part of our responsibility is to make sure that

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when we are feeling, taxing, and providing services that they are appropriate. So, not to belabor the point, that is the...that was the inception of LB672 and I hope it leads to an active discussion. And I hope there are people behind me who will oppose this bill who will tell you, it's the appropriate amount of money, it's not the appropriate amount of money, here's what we do and paint a good success story, if that's the case, or points of clarification in terms of where we can better the situation. And I'd be happy to answer any questions. [LB672]

SENATOR SCHILZ: Thank you, Senator Krist. Any questions? Senator McCollister. [LB672]

SENATOR McCOLLISTER: Senator, you're saying that a copy of...a constituent asked you to bring this bill, Senator Krist? [LB672]

SENATOR KRIST: Yes. Yes. [LB672]

SENATOR McCOLLISTER: Okay. You know, I was in the recycling business with lubricants and so, you know, some of those recycle materials have value, some don't. So I'm anxious also to hear about the economics of these tires, so thank you. [LB672]

SENATOR KRIST: I don't think...his name is Cliff Ehlers and his family-run business is Midwest Tire across from the Post Office down on 13th Street. Obviously, they're paying this fee as a routine tax into the state, not as a separate fee. So to track the dollar was a question. The other question is what is it being used for because I have to pay in addition to that fee, I'm passing on to the consumer another fee to dispose of those tires within my business and structure, because he said, I'm too good a citizen to go dump it in the Niobrara or some place. Quote, unquote. So, yeah, it was a question that he had about how it has evolved. And as I understand it, and I'm not the expert, but some things are valuable as recyclable materials and some things are not and that forces the business to dispose of them and pay another fee in order to get rid of the tires. [LB672]

SENATOR McCOLLISTER: In your investigation, does the state pay out money to handle these tires after they've...a wholesaler has sold some tires to a person? [LB672]

SENATOR KRIST: I would ask that question of Mr. Macy. It is my understanding that that is a disposal fee he's paying to another entity as an additional recycle fee on top of the fee that he's reporting and sending to the state. I don't know if that money makes its way around. I guess that's part of the reason that we ask this question. [LB672]

SENATOR McCOLLISTER: Thank you, Senator Krist. Thank you, Mr. Chairman. [LB672]

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SENATOR SCHILZ: Senator Schnoor. [LB672]

SENATOR SCHNOOR: Senator Krist, just to reiterate. In the...in your limited time, I guess, researching this, it's really hard to grasp where this dollar fee is going to and what it is currently being used for. Is that what I understood you to say? [LB672]

SENATOR KRIST: Correct. [LB672]

SENATOR SCHNOOR: Okay. [LB672]

SENATOR KRIST: Follow the money. I can't follow to see...I understand there's some great works being done. I can read that in the report. I understand the original intent of the legislation. I can't connect the dots across the board and again, didn't rise to the level of performance audit or any of that, but that's your business in terms of natural resources, so I hope that you will take a look at it. [LB672]

SENATOR SCHNOOR: Okay. Thank you, sir. [LB672]

SENATOR SCHILZ: Thank you, Senator Schnoor. Any other questions? Seeing none, thank you. Will you stick around for closing? [LB672]

SENATOR KRIST: Yeah, I'd like to hear. I'm interested and I will give this to the page for your information, just one copy of the transcript. [LB672]

SENATOR SCHILZ: (Exhibit 2) Okay, do we have any proponents for LB672? Any proponents? We do have one letter of support from Robert Andersen from the Nebraska Cooperative Council. So do we have any opponents? Come on up. Good afternoon and welcome. [LB672]

SHAWN HERRICK: (Exhibit 3) Thank you. My name is Shawn Herrick, S-h-a-w-n, last name is Herrick, H-e-r-r-i-c-k, and I'm here before the committee, Chairman Schilz and committee with the Mid-America Tire Dealers Association. I did bring a companion who is here with me today who is on our board, George Hoellen with T.O. Haas Tire and we...of course, I handed...your testimony here is a little more eloquent and I'll just hit the highlights that our membership is here to oppose the bill to end the fund without at least taking a look at what it's used for. And we as a membership can only go with the reports that are given by the DEQ and that there does...there is still a need to have the fund in place to manage the waste tires and the last, the most recent report, \$646,000 was used for amnesty days to take in waste tires from the local governments to help clean up tires. With the dealers, the dealers report that their scrap

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handling fees are going up every year, so there's always that potential for the customer to say, throw it in the back and they may intend to use it at home or on their kid's car, but it might wind up in the ditch later on to be cleaned up too, so we still see a need for cleanup. Also, more often they do not see push back from their consumers or their customers who are buying the tires. They do often hear about their local school or their local park that's using grants for playground materials, running tracks, perhaps a picnic bench. We also have a board member who is one of the top ten recyclers of tires in the country and he's the president of the organization right now, Champlin Tire Recycling just across the border in Concordia. So he certainly has an interest in that. And so with that said, we are in favor of keeping the funds in place to help recycle our waste stream. And our membership supports any environmentally or economically sound ways to manage our waste stream, which in this case is about 2 percent of the waste stream of the state is waste tires, so. And it gives an incentive for our customers to recycle their tires with their local tire dealer who is a member of our organization. [LB672]

SENATOR SCHILZ: Very good. Thank you for your testimony. Senator McCollister. [LB672]

SENATOR McCOLLISTER: Yeah, thank you, Chairman Schilz. What happens to used tires? What do you do with those tires after you've removed them from a car and put on new tires? [LB672]

SHAWN HERRICK: I might defer to George to tell you the logistics, but most of them wind up...or many of our members have a recycler, a contract with a recycler who leaves a truck, oftentimes an empty truck at their place of business where they put the waste tires in the...after they're done with them. They also cull the used tires out and put the waste tires in the trailer and then that recycler comes and gets the trailer and takes them. [LB672]

SENATOR McCOLLISTER: What's the recycler do with those tires after he's picked them up at your location? [LB672]

SHAWN HERRICK: If he can use them, and I can only speak to the one that I'm most familiar with, the one that is our president of the organization, they use them for...they recycle them in benches and picnic tables. They also make a rubberized mulch that goes on playgrounds. Other companies use them for rubberized...or mats that go under playgrounds as well that are ADA for wheelchair accessibility for the playgrounds. [LB672]

SENATOR McCOLLISTER: So a high percentage are they are ground up and utilized for other purposes. Is that correct? [LB672]

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SHAWN HERRICK: Yes. [LB672]

SENATOR McCOLLISTER: How many are resold as is to...if they aren't quite fully used up? Are they resold ever? [LB672]

SHAWN HERRICK: I can't answer that question. [LB672]

GEORGE HOELLEN: Very small. [LB672]

SHAWN HERRICK: Very small amount. [LB672]

SENATOR McCOLLISTER: A small percentage. [LB672]

SHAWN HERRICK: For used tires, you mean, a very small percentage. [LB672]

SENATOR McCOLLISTER: Is there a net cost to recycle tires or is the reuse or the used material have value as a manufacturing component? [LB672]

SHAWN HERRICK: It's my understanding that the most expensive part of reusing or recycling the tire is actually collecting them from the source, the tire dealers and transporting them to some place to either dispose of properly or recycle is the biggest expense of it. And then, of course, there's the expense of getting it to a form that is usable, whether it's retreading, which is the number one use for using the casing and retreading it, or grinding it up for mulch or use in plastic. [LB672]

SENATOR McCOLLISTER: It's been a fairly long...I don't recall seeing many examples of tires being discarded or mounds of tires that haven't been dealt with. Is that still a big problem or is that no longer as much of a problem as it was? [LB672]

SHAWN HERRICK: The DEQ might be able answer you... [LB672]

SENATOR McCOLLISTER: Okay. [LB672]

SHAWN HERRICK: ...more on that, but I would say that the programs in place in this part of the country are doing a good job of managing the tires. I mean, there's piles still show up some, but I was here back in 1990 when they were a real problem and they were all over the ditches

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and these funds or taxes or fees or whatever they're labeled in the different states, were started and cleaned up and over the years I think it's a manageable system now. [LB672]

SENATOR McCOLLISTER: Well, thank you very much for your testimony. Thank you, Chairman Schilz. [LB672]

SENATOR SCHILZ: Seantor Kolowski. [LB672]

SENATOR KOLOWSKI: Thank you, Mr. Chairman. Thank you for your testimony today. Appreciated hearing that. [LB672]

SHAWN HERRICK: Thank you. [LB672]

SENATOR KOLOWSKI: And a couple of different angles, Shawn, I want to ask you about. The last couple of times I bought tires, I don't remember signing off anything or whatever. I think the dollar for tire was probably in my bill, if I'm not mistaken. Is that how most dealers deal with that? They don't even ask you? [LB672]

SHAWN HERRICK: The dollar per tire is a tax here in the state... [LB672]

SENATOR KOLOWSKI: Right. [LB672]

SHAWN HERRICK: ...and then most of them charge some other fee to manage the tire, anywhere from a dollar to three dollars to even more if they're a tractor or whatever. [LB672]

SENATOR KOLOWSKI: That's what I remember from the last bill I saw. [LB672]

SHAWN HERRICK: Yeah, and they have to use that money to pay that recycler or waste management company to take care of their waste stream. So the dollar a tire is not recouping their expense to get rid of just this like any other waste you might have to at your home, you pay to have that hauled off. [LB672]

SENATOR KOLOWSKI: Sure. [LB672]

SHAWN HERRICK: And they have the expense to take care of it. [LB672]

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SENATOR KOLOWSKI: Like Senator McCollister's comment, compared to years growing up where every corner of the woods close to a road was covered with tires because people just threw them away, it's a different world today. I hardly see any anywhere in that perspective. Now, do you sell...do you sell directly to the manufacturers of the soccer fields, football fields that are artificial, not grass? That's a use of the tires, is it not, as far as grinding those up and using those as far as those fields are concerned? [LB672]

SHAWN HERRICK: You said, do I sell? [LB672]

SENATOR KOLOWSKI: Yeah, do you know any companies you sell to, or dealers you sell to, where those are recycled in that way? [LB672]

SHAWN HERRICK: I don't know that any of our members sell directly to...they would sell it to a company that processes it like Champlin Tire Recycling. They do process tires. Now I don't think they do turf, but I think there's another companies...does EnTire do that? [LB672]

GEORGE HOELLEN: EnTire Supply does that for field turf. [LB672]

SENATOR SCHILZ: Sir, sir, please. We only take testimony from the table. When she's finished, if you would like to come up, we would be happy to take your testimony. [LB672]

SHAWN HERRICK: Sorry, I set him up for that. [LB672]

SENATOR SCHILZ: It's okay. [LB672]

SENATOR KOLOWSKI: And the third question would be, incinerating chopped-up tires in different capacities for wherever things are being burned or a process plants or whatever else, that's another way it is used. [LB672]

SHAWN HERRICK: Right. And in years past, that was like 80 percent of the tires that were reused, that's what happened to them was they were used as tire-derived fuel. And I think in the past...I don't think you do at all in Nebraska anymore and... [LB672]

SENATOR KOLOWSKI: Louisville cement mill, I think they might at that location, if I'm not mistaken. [LB672]

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SHAWN HERRICK: I know that it's still done in the country but around here it's not so much. We used to have tire energies. (Laughter) I'm speaking out of turn, not educated. [LB672]

SENATOR KOLOWSKI: But it is, they are consumed that way as well. [LB672]

SHAWN HERRICK: Some, yes. [LB672]

SENATOR KOLOWSKI: Yeah, okay. Is there an abundance of tires in the...is part of the problem getting it to places where they could be consumed rather than just stacking them up? It's a lot of transport to put them on a...you know, fill a semi and send it to X, Y or Z state to be processed. Is that a difficulty for Nebraska? [LB672]

SHAWN HERRICK: Well, yeah, like I said, I think that the most expensive part of recycling tires is getting it from where it's generated where the customer takes it off their tire to where it can be recycled. And most of the forms of reuse or recycle take a lot of tires so they have to collect them from a large area to make it feasible, make it economically feasible. [LB672]

SENATOR KOLOWSKI: Okay. [LB672]

SHAWN HERRICK: And I think that's part of the reason is when this started back in 1990 there was a lot of recyclers around and the expense took care of a lot of them and the ones that are left are very large because it takes such a big amount of investment, a large amount of tires, and those companies have grown and become the forefront of it. [LB672]

SENATOR KOLOWSKI: And this has been a dollar a tire at this point in time, is that correct? [LB672]

SHAWN HERRICK: In Nebraska, yes. [LB672]

SENATOR KOLOWSKI: In Nebraska. Is that enough? Just ask that question. [LB672]

SHAWN HERRICK: I don't think I can answer that question. DEQ might be able to answer it. I know that the dollar is put into a general fund and at times they've spent more than the dollar has generated on recycling waste tires and others. That dollar has gone to yard waste or something like that too, so. And Senator Krist's questions might warrant following that through a little bit. [LB672]

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SENATOR KOLOWSKI: I cannot...I personally think that might be not very much, this little bit only a dollar and there's a possibility of raising that because if I get four new tires and it's the middle of winter, I don't want to touch those and take them home, you know, dirty (laugh) and everything else by the time they take them off the car. They're not going to wash them or anything else and then they sit in the corner of my garage until I can dispose of them, or...you know, just think of the practicality of that. So I just wondered about the one dollar compared...it's been that way, how many years now? [LB672]

SHAWN HERRICK: I think it was like '89. [LB672]

SENATOR KOLOWSKI: '89, '88, and '89. Thank you. I appreciate your answers. [LB672]

SENATOR SCHILZ: Thank you, Senator Kolowski. Senator McCollister. [LB672]

SENATOR MCCOLLISTER: Yeah, we know about the dollar going to the state and that occurs after a sale has occurred and you've changed the tires out on that vehicle. Now is there any other money that changes hands between you and the guy that picks up the tires after you have a load? [LB672]

SHAWN HERRICK: You mean does the tire dealer pay the recycler? [LB672]

SENATOR MCCOLLISTER: Yes. [LB672]

SHAWN HERRICK: Yes. And that would be a contract between him and the tire dealers whatever they... [LB672]

SENATOR MCCOLLISTER: So you call somebody when you have what, 40-50 tires...that recycler? [LB672]

SHAWN HERRICK: I don't know exactly what kind of relationship. It depends on the business they're doing, or the company they're doing business with, but a truckload is probably, you know, a lot more than 50 tires. [LB672]

SENATOR MCCOLLISTER: Okay. [LB672]

SHAWN HERRICK: And they put it inside the transport. [LB672]

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SENATOR McCOLLISTER: Just to make sure I'm clear. Okay. You accumulate these used tires, right? [LB672]

SHAWN HERRICK: Yes. [LB672]

SENATOR McCOLLISTER: Okay. At a certain point, you call somebody and say, Mr. X, Y, Z, come pick up X number of tires, correct? [LB672]

SHAWN HERRICK: Yes. [LB672]

SENATOR McCOLLISTER: Okay. And they come pick them up. [LB672]

SHAWN HERRICK: Right. [LB672]

SENATOR McCOLLISTER: And after that occurs, does any money change hands? Do you pay that guy or does he pay you for the tires? [LB672]

SHAWN HERRICK: Generally the tire dealer has to pay the company to take his waste away. [LB672]

SENATOR McCOLLISTER: So you write a check to that recycler to pick up the tires. [LB672]

SHAWN HERRICK: Right. [LB672]

SENATOR McCOLLISTER: Thank you. [LB672]

SHAWN HERRICK: I know there was a time when people thought, you should pay me to take these because you're going to use them for your product, but the cost of transport, the cost of processing, and then in some way, it exceeds. [LB672]

SENATOR McCOLLISTER: Do you mind me asking how much that money...what the cost is per tire? [LB672]

SHAWN HERRICK: I don't know. I've heard that a full trailer load can be a little less than a dollar a tire, passenger tire, but I'm sure they have different contracts with different dealers, depending on how many stores they have in their contract. [LB672]

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SENATOR McCOLLISTER: So there's a net cost to anybody that deals in tires in order to get rid of those tires. [LB672]

SHAWN HERRICK: Definitely. [LB672]

SENATOR McCOLLISTER: Okay. Thank you. [LB672]

SENATOR SCHILZ: Thank you, Senator McCollister. Any other questions? Seeing none, thank you very much for your testimony today. Further opponents. Good afternoon. [LB672]

CARRIE HAKENKAMP: Good afternoon. I'm Carrie Hakenkamp, that's C-a-r-r-i-e H-a-k-e-n-k-a-m-p, and I'm the executive director of WasteCap Nebraska. We work with businesses and communities across the state to eliminate waste in Nebraska. One of the things that we look at quite frequently is, one, how old some of these bills are. They were...a lot of our waste bills were done in the late '80s, early '90s, when EPA had redone our RCRA laws, the Resource Conservation and Recovery Act, and the Nebraska Environmental Protection Act. And so it's one of the projects that was developed in response to that was this tire fund. At that time they also banned tires from landfills. And the reason that tires are banned from landfills is that, one, they can use up a lot of valuable space in our landfills which costs us a lot of money, but they can also trap methane gas. They can become buoyant within the landfill, they can ruin liners, they can displace materials. So they can actually bubble up to the top of the landfill without being broken down. But then, when they're in stockpiles they also create health risks and they're a vector for disease and for mosquito nesting and that type of thing. So we definitely want to make sure that we're not going to eliminate a way of managing these tires without having another alternative because they are banned from the landfill. We're using the dollar fee to fund grants that either purchase back crumb rubber products or products that are made from recycled content tires, or we use them for our tire amnesty days. I spent some time on the phone with Ruth Johnston at NDEQ and she's the grant administrator for this program. And in 2015, DEQ awarded 126 grants for a total of \$2.01 million out of the scrap tire fund. And of those, 30 of them were for tire cleanups. And those grants will cover 100 percent of a tire cleanup throughout the state. And, you know, I've got the listing of 136 grants that were funded and how much money each one got and what it was funded for. They'll pay 50 percent reimbursement as a playground mulch or as a product that will be a portion of recycled content tires. Or, I'm sorry, if it's 100 percent recycled content tires, they'll pay 50 percent reimbursement on the cost of the product. If it's a portion of recycled content, then it's 25 percent reimbursement. So it's helped a lot of communities and a lot of schools to build that safer infrastructure for our kids on the playgrounds, safer surfaces for our football players at Memorial Stadium and the high schools. So it's used as infill, but one of the things that I found interesting when I talked with Ruth, you know, I said, where are our tires going from these tire cleanup days? And they're going to some places that you don't expect them

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to. My biggest concern is that a lot of them are going to monofills, which is a landfill specifically for one particular product in Kansas and in Colorado. The remainder of the tires then are going to tire processors either in Iowa or in Kansas, or they're going to two of our landfills in Nebraska that are grinding them and using them as alternative daily cover. So, only in two of those cases are the tires actually being recycled. And so that's always kind of been one of my concerns is that we're paying money in and we're purchasing back the recycled content products, but a lot of the tires are ending up being landfilled anyhow, just in someone else's state. And so that's always been a concern of mine and again, you know, I appreciate you bringing this to the table because it's a good opportunity for us to look at how that's managed and where things are going. But I think also, it cost over a million dollars in equipment to start a tire recycling operation. And the tires are very, very hard on equipment because they're made of so many different layers and you've got to have magnets and you've got to have a way to shred them and tear them. But we should be looking at Nebraska being where we are located and, you know, we're not in the middle of nowhere, we're in the middle of everywhere. And transportation is a huge issue for all recycling and there is no recycling right now that is paying anything. Everyone is paying for recycling. We're paying our recyclers to have to take our materials the same way we have to pay a landfill because the cost is just so high to handle it right now and the markets are so low. But we should be looking at economic development in Nebraska. And having these grants is an opportunity for us to help create jobs in Nebraska, manufacturing jobs in Nebraska, so that we're not having to buy products back from Iowa or from Kansas when we've sent our tires there to be processed and then we use the same grant dollars to go back and purchase those products to put back on our playgrounds. So I think that this grant fund has an opportunity to look at economic development, to look at jobs in the state, to replace some of the manufacturing jobs that have been lost within our state, and to look at how much money as a state we can save other entities around us in transportation costs. So we do oppose this bill as it's written because of the many environmental benefits that come along with the program. However, Senator Mello also just introduced a bill yesterday, LB1101, and it requires the Department of Environmental Quality to examine the status of all solid waste management programs run by the Department. And I think that that bill would cover this as well because it's one of the solid waste management programs that would fall under that bill that would require it to be looked at and examined as far as reporting and how is the reporting going and it's basically to do a study of these bills and to look at their efficacy, and is the money being spent right or do we need to collect more money? Are there changes that we need to make to the grant programs? So, I think that that provides us that opportunity to further look at that and to look at all of our programs that are well over 20 years old. As a state we haven't done an integrated solid waste management plan since 1992. So, we need to get beyond looking at solid waste and start looking at our resources that we have in our state and looking at the economic development that we're just throwing away into our landfills every day. [LB672]

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SENATOR SCHILZ: Very good. Any questions? Seeing none, thank you for your testimony. [LB672]

CARRIE HAKENKAMP: Thank you. [LB672]

SENATOR SCHILZ: Further opposition. [LB672]

GARY KRUMLAND: Senator Schilz, members of the committee, my name is Gary Krumland. It's G-a-r-y K-r-u-m-l-a-n-d, representing the League of Nebraska Municipalities. And I'm appearing in opposition to LB672. I have no problems with examining this, but we do have opposition just simply repealing the tire tax. The cities' interest in this is, you've heard about the legislation that was passed by the...or federal government in the late 1980s where they pretty much told the states that they had to take care of the solid waste and make sure the solid waste is disposed of in proper landfills. And then the states...Nebraska said, that's the responsibility of the cities and counties. So since 1992, cities and counties have been responsible for the solid waste that's been generated within their jurisdictions and either built their own landfills or worked together with other applicable subdivisions to do it or worked with private landfills. And as part of that, several fees were put into place to help with that effort. They were used to close some of the noncompliant landfills that were around before then. But the tire fee has been turned into a use to help recycle and to handle the problem with waste tires. And as was mentioned before, since 2003, tires are not allowed to be put into the landfills so they need to be handled in other ways. The grants that come from the fee both allow local governments, cities get the grants for tire collections to help do that, but a lot of the grants go to cities, counties, schools, natural resources districts to use the crumb rubber for playgrounds for athletic fields, that sort of thing. But all that helps dispose of them to take care of it, to recycle it, to deal with the solid waste problem. And so we see that this fee is part of that. It's a tool that is used to help with the whole effort on the integrated solid waste, and for that reason, we don't think it should be repealed. But the whole thing probably could be studied and looked at to determine whether there's...should be increased or other ways to do it. But we do think it is an important tool. [LB672]

SENATOR SCHILZ: Very good. Thank you. Any questions? Senator Johnson. [LB672]

SENATOR JOHNSON: Thank you, Senator Schilz. You know, former mayor and utilizing the grant program and that, I'm going to change it just a little bit, probably the best opportunity I'll have to address the question. We talk about recycling but there's also reuse from used tires. We see them on a lot of silage piles and things like that. How do they acquire those, I mean from a dealer? More specifically in my district, I had a request because they have collected about 300 tires that they are going to make a driveway wall. And is there...is there any penalties for misuse of used tires? (Laughter) This doesn't necessarily deal with this, but... [LB672]

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GARY KRUMLAND: Yeah, and I'm probably not the one to answer, if DEQ does. There are, the law itself outlines what the contemplated uses are and one is crumb tires. Basically, safety barriers for race tracks, those sorts of things. [LB672]

SENATOR JOHNSON: Yeah. [LB672]

GARY KRUMLAND: They can be shredded for landfill covers. Let's see. Use for landfill construction drainage fields, those sort of things. So there is a long list of options that can be used. I think some of these do need to be approved before they can be used. But as for your specific question, I don't know the answer to that. [LB672]

SENATOR JOHNSON: Yeah, I'll defer to later today. Thank you. [LB672]

SENATOR SCHILZ: Thank you, Senator Johnson. Senator Friesen. [LB672]

SENATOR FRIESEN: Thank you, Chairman Schilz. Mr. Krumland, do the cities impose any other fees on tire dealers in the city or is it strictly the one dollar fee or are there any others? Since you can no longer let them go onto the landfills, you basically stop the direction they were going that way. So now are there any fees or restrictions that are strictly put on by municipalities? [LB672]

GARY KRUMLAND: I don't know of any. I can't say that there aren't any, but I don't know of any cities that have done that. [LB672]

SENATOR FRIESEN: Okay. [LB672]

GARY KRUMLAND: I know like they do have landfill fees, certain recycling fees, and things like that to cover that, but I don't know of any specifically for tires. [LB672]

SENATOR FRIESEN: Thank you. [LB672]

SENATOR SCHILZ: Thank you, Senator Friesen. Senator McCollister. [LB672]

SENATOR MCCOLLISTER: Thank you, Chairman Schilz. Gary, the Nebraska statutes with regard to this, are they fairly typical among the states that you've studied? [LB672]

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GARY KRUMLAND: I probably haven't studied other states and this was things that happened, you know, 1992. It was the result of a lot of negotiations between the state and the interested parties. So, I'm not sure how it compared to others, but I know all the other states had to do...go through that same process. [LB672]

SENATOR McCOLLISTER: Well, perhaps if the result of this bill is to do an interim study, we can get that figured out. [LB672]

GARY KRUMLAND: Yeah, and we may have some information on that too. I just don't have that with me right now. [LB672]

SENATOR McCOLLISTER: Thank you, Gary. [LB672]

SENATOR SCHILZ: Thank you, Senator McCollister. Any other questions? Seeing none, thank you for your testimony. Further opposition. Good afternoon. [LB672]

BETH BAZYN FERRELL: (Exhibit 4) Good afternoon. Chairman Schilz, members of the committee, for the record, my name is Beth Bazyn, B-a-z-y-n, Ferrell, F-e-r-r-e-l-l. I'm with the Nebraska Association of County Officials and I'm appearing in opposition to the bill. I would just echo Mr. Krumland's comments about the tool, the ability to use the grant money as a tool for counties. What you're receiving right now is a handout that we pulled together. It shows some of the grants that counties have received since 2012. It shows \$1.1 million that counties have received to help clean up waste tires and scrap tires that might otherwise end up in county road ditches or in waterways. And so we'd be very interested in studying the issue further, but we really would prefer not to see the grant money go away. I'd be happy to take questions. [LB672]

SENATOR SCHILZ: Thank you, Beth. Any questions? Senator Kolowski. [LB672]

SENATOR KOLOWSKI: Just another aspect. With reservoirs and all the rest, I think of when Lake Zorinsky in the Omaha area was being formed and the water was being stopped and filling the lake, a lot of tires were tied together by Scout groups in order to make fish habitats in the bottom of the lake. And they were tied together and all the rest so they wouldn't break up, and I don't know if that's ever been called for or used in different places with any of your experiences. [LB672]

BETH BAZYN FERRELL: I guess I haven't...had my own experiences with that, but I would imagine there are other groups maybe that would be able to address that further. [LB672]

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SENATOR KOLOWSKI: We had to drain the lake a couple of years ago because of zebra mussels in the Omaha area and when they drained it, the tires were still there. So it's testimony to immobility, I guess. (Laughter) Thank you. [LB672]

SENATOR SCHILZ: (Exhibits 5-9) Thank you, Senator Kolowski. Any other questions? Seeing none, thank you for your testimony. Further opposition. Any other opponents? We have a few letters: We have a letter from Janet McCartney from the Cass County Board; Linda Behrns from Keep Cass County Beautiful; Linda Grell from Keep Beatrice Beautiful; Christine Vail from Keep Keith County Beautiful; and Deb Rost from Nebraska State Recycling Association, all in opposition. Do we have any neutral testimony? Good afternoon, Mr. Edson. How are you today? [LB672]

DEAN EDSON: Senator Schilz, members of the committee, my name is Dean Edson, spelled D-e-a-n E-d-s-o-n, and I'm executive director for the Nebraska Association of Resources Districts. Our organization hasn't taken a position on this bill yet and we're going to look at all the legislative bills next week and I'd be glad to get back to you on what position they formally take. But I was asked by one NRD to at least show up today and talk a little bit about what we're trying to do in the Loup Basin. The Lower Loup NRD works with the communities up there, the smaller communities, and then also the resource development councils and other groups to do tire recycling or collection days. They do two per year. They get anywhere between 200 and 300 tons per collection. And so if they're doing two of them, it's 400 to 600 tons of tires that they're collecting. These tires, then, are shipped to Kansas. Some of them that are really bad, they just go directly to recycling, but other tires, if they're in good shape, they get recapped and reused by that company in Kansas and resold. So we're essentially taking 400 to 600 tons of tires and recycling them just in that one NRD alone. Now, when I ask about where do these tires all come from? They don't know. (Laughter) So they could be coming from quite some distance. The point is that they're getting rid of them properly and disposing of them properly. On this bill, if there's some issues that need to be addressed with the tire recycling program, we'd be glad to work with the committee and Senator Krist to address those. And I visited personally with Senator Krist about that to make sure that if there are some changes that are needed, we'd be glad to assist and help out wherever we can. [LB672]

SENATOR SCHILZ: Very good. Any questions for Mr. Edson? Senator McCollister. [LB672]

SENATOR MCCOLLISTER: Thank you, Chairman Schilz. How many tires are in a ton? (Laughter) [LB672]

DEAN EDSON: I don't know for sure. I think we could possibly calculate that, but there would be quite a few. [LB672]

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SENATOR McCOLLISTER: And why do you suppose so many tires are coming from rural areas? Don't the tire retailers in those areas gather the tires up as they do in some of the urban areas? [LB672]

DEAN EDSON: I'm not sure where they all come from. That's what I asked the manager when he called me late this morning and asked him, where...that seemed like an awful lot, where do they all come from. And he didn't know, but he thought some of them may come from some distance. The only concern that they have is the primary goal, let's get them. Keep them from going in road ditches, keep them from going in the streams, keep them from being dumped somewhere illegally. Set up some process where we can collect them and put them to some reuse. [LB672]

SENATOR McCOLLISTER: Thank you, Mr. Edson. Thank you, Mr. Chairman. [LB672]

SENATOR SCHILZ: Thank you, Senator McCollister. Any other questions? Seeing none, thank you for testifying. [LB672]

DEAN EDSON: You bet. [LB672]

SENATOR SCHILZ: Further neutral testimony. Good afternoon. [LB672]

MARTY GRATE: Good afternoon. My name is Marty Grate, M-a-r-t-y G-r-a-t-e, and I work for the Public Works Department of the city of Omaha. And I'm here testifying in a neutral position out of respect for Senator Krist because I think it's a fair question to ask, is this tire fee still necessary and appropriate? And so at this point in time we're not opposing it, but I did want you to let you know from an urban Omaha perspective, is there still a need or a good use for these funds which roll over into the Waste Reduction and Recycling Incentive Fund and yes, there are, and I want to give you a couple of examples from an Omaha perspective. Every spring we have a series of Saturdays where we have what we call spring cleanup events and it leverages a whole lot of volunteer hours from our neighborhood associations to go in and clean up vacant lots and alleys, and every year we generate a whole bunch of tires for which we seek some assistance from this state fund to help to pay to dispose/recycle those. So that's a very, you know, direct nexus to the ongoing need. And, you know, when this originally was started, there was a lot of mountains of tires at various locations across the state and that was a big push. And I don't think we have as many mountains of tires out there anymore, so again maybe it's an appropriate question. But I can tell you that in Omaha, every year we generate tons of tires during our spring cleanups and I really think that our program to deal with these is very good and efficient because, like I said, it allows us to leverage sweat equity from our homeowners association, and that having the tire fund to deal with the "indisposal" or reuse of the tires really helps us to

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leverage that value from our community. So I think that's a good thing. You know, is the amount of the fee more or less than it needs to be? The thing that I wanted to add there again from Omaha's perspective is that this is all part and parcel of the revenue stream and I'm sure NDEQ could explain this in much better detail than I could, but it goes into the Waste Reduction and Recycling Incentive Fund. And Omaha relies very heavily on that particular source of funds to help us cover and defray the costs for operating our regional household hazardous waste facility. We provide residents in the Douglas-Sarpy County area with an outlet for their used household chemicals. And that's a very, very essential...I mean, we serve about a third of the state's population with that program that helped protect Nebraska's, you know, most valuable resource, which is water, because if people don't have a way to get rid of these chemicals when they're moving or mom dies and you've got a whole garage full of stuff, they end up going down the drain and into our sewer system or into our surface waters or getting poured on the ground and going into our groundwater. So, I think, you know, the revenue that's generated through the tire fees that don't necessarily end up in a one-to-one tire are still a very, very important source of revenue for us. And if that fee went away, that would detract from the overall magnitude of that fund and leave us kind of in a lurch. So, with that, I'd be happy to answer any questions that you may have from kind of an Omaha perspective. Again, we appreciate Senator Krist, you know, begging this question, but we think there's still a need there and, but it's a good time to have the dialogue. [LB672]

SENATOR SCHILZ: Thank you, Mr. Grate. Any questions? Senator Kolowski. [LB672]

SENATOR KOLOWSKI: Thank you, Mr. Chairman. Marty, thank you for your testimony today and thank you for the Under the Sink Program in Omaha. It's fantastic to see how many things get dropped off there on a weekly basis. It really makes a difference. The other aspect is simply pharmaceuticals. Don't throw those or flush those down your toilet. Dispose of those in the proper way as well so we're not doing the same thing to our water and our land in that way. The amount of tires you bring up in Omaha, do you have a particular dealer that you work with on a yearly basis as far as disposing of those, or local or regional? [LB672]

MARTY GRATE: Yeah, there are kind of two issues there. One is, that the Nebraska Department of Environmental Quality kind of has a list of acceptable vendors, but then within that list we go out for bids to get, you know, whatever...how we can stretch those dollars the most in a low bid sort of fashion, so. Yeah, it's a process that we go through each year to select the most cost-effective vendor. [LB672]

SENATOR KOLOWSKI: Okay. Most people may not know, but even an artificial turf of a football field or soccer field in the Omaha area needs to be reconditioned an X number of times over the life of that field of ten, 12, 14 years before you have to redo the whole field. But the

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combination of sand and the rubber pellets and the shaker that they bring out to move that and flatten that playing surface has been a great boom to the athletics of the metro area and throughout the state where they might have artificial turf. So that's been a real lifesaver as far as a lot of kids' ankles and knees, because early rains in a football season tore up the field and you never had it anywhere close to being suitable again for the rest of the season til the off-season came around. So it's a good move to be able to sell these things and see it come back for use in our sports facilities. Thank you. [LB672]

SENATOR SCHILZ: Senator McCollister. [LB672]

SENATOR MCCOLLISTER: Yes, thank you, Chairman Schilz. Is the amount of fee charged...currently being charged, appropriate? [LB672]

MARTY GRATE: Again, the fee, and I would really defer to NDEQ to explain to you, you know, how they generate the fee. But there is a set priority for specific tire projects and then funds that aren't utilized that may be generated above and beyond that specific need, roll back into the Waste Reduction and Recycling Incentive Fund and draws for a wider range. On behalf of Omaha, I'm not advocating that we raise the fee, but I sure would not like to have one dollar less than what we get right now on a yearly basis. It's still a competitive process to secure these funds. And like Under the Sink, that we have a number of programs that are very essential for Omaha and we rely heavily on these funds, so certainly wouldn't like to see any diminishment of the fund. [LB672]

SENATOR MCCOLLISTER: You indicated that when you have a load of tires or a great many tires to dispose of, you go out for bid and ask various people to submit a net cost. Can you give us some idea of what that cost is per tire to dispose of that mound of tires? [LB672]

MARTY GRATE: I can certainly get some of that information and supply that to the committee just to satisfy. I don't carry those numbers in my head. [LB672]

SENATOR MCCOLLISTER: Okay. Thank you, Mr. Grate. [LB672]

SENATOR SCHILZ: Thank you, Senator McCollister. Any other questions? Seeing none, thank you for your testimony. Further neutral testimony. Welcome back, Director. [LB672]

JIM MACY: (Exhibit 10) Thank you, Senator. Good afternoon, Chairperson Schilz and members of the Natural Resources Committee. My name is Jim Macy, J-i-m M-a-c-y. I'm the director of the Nebraska Department of Environmental Quality and I'm testifying this afternoon in a neutral

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capacity on LB672. I did meet with Senator Krist to discuss the bill after it was introduced to better understand his position and share additional information. I'm here to share some additional information with the committee today. As the director of the Nebraska Department of Environmental Quality, I'd like to discuss the positive work my agency does and in particular, the positive impact grant programs we administer have on the communities and businesses across the state. My focus today is on the scrap tire grant component of the Waste Reduction and Recycling Incentive grants program. Scrap tire grants were first awarded in 1992. Since then, nearly \$35 million has been awarded across Nebraska for grant projects. These projects include scrap tire cleanups, scrap tire collecting and processing equipment, studies to determine the technical aspects and feasibilities of scrap tire projects, including rubber modified asphalt projects, cost share grants for scrap tire processing, and the partial reimbursement of tire-derived products, crumb rubber, like artificial turf fields, athletic running track surfaces, and playground surfacing and landscaping mulch. I have circulated, or I'll give Barb one handout for your review today which provides a brief description of the program and the summary highlights of grant project awards over the last five years. I also have one technical point for you to be aware of as today to consider this bill. LB672 would terminate the dollar fee for tires. What it does not address is the statutory mandate for \$1.5 million in scrap tire grants to be awarded annually through June 30, 2019. The scrap tire fee provides over half the funding to that grant program. Leaving the statutory mandate in place may mean other eligible waste reduction grant projects may not be funded due to the lack of the tire fee revenue. That will conclude my testimony for today. At this point I'd be happy to answer any questions that you have. [LB672]

SENATOR SCHILZ: Thank you, Mr. Macy. [LB672]

JIM MACY: And my apologies, Barb, for not giving you the green sheet and my handout. [LB672]

SENATOR SCHILZ: Senator Friesen. [LB672]

SENATOR FRIESEN: Thank you, Chairman Schilz. Mr. Macy, just a couple of questions, I guess. What are the requirements on a tire retailer from your standpoint or from NDEQ on what happens to those tires? I mean, when I go in and purchase a tire, I pay the one dollar fee on every tire. If we buy a new vehicle, we pay a one dollar fee on every tire. On my tractors, trucks, I pay a one dollar fee. So what requirement is if I leave my tire at a tire retailer, what requirement is there for him to do with that tire? [LB672]

JIM MACY: Well, there are two issues that we're discussing today, the dollar fee for the grant program, basically. And then the fee through the business model of that tire dealer that he chooses to enter a contract with the certified waste tire hauler to properly dispose of those tires.

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And I don't want to get in a business model of the private business, I don't think that's appropriate for our agency, but those are two separate issues. So the dollar fee goes to the tire grant program and then separately a tire distributor, someone that installs tires and collects the three or four, or how many you replace that day, they will enter into a contract that's passed through to the consumer ultimately on how much it costs them to dispose properly of those tires. [LB672]

SENATOR FRIESEN: But there's no requirement of yours as far as that contract goes. They're free to do with that tire whatever they want. [LB672]

JIM MACY: They have to contract with a certified hauler and we do monitor that. [LB672]

SENATOR FRIESEN: So they do have to send you a contract? [LB672]

JIM MACY: We certify haulers and they have to use a certified hauler. And I could get you more information on that. [LB672]

SENATOR FRIESEN: Okay. I will describe a little bit what happens in my area. If I go in and purchase tires, I pay the one dollar fee on the tire and then they'll charge me anywhere from \$3 to \$15 depending on the size of the tire to dispose of the tire. And then some of these retailers are then bringing them to these waste tire collection sites and disposing of the tires. So, you know, we pay twice, so to speak, for them to get rid of the tire. So I just was curious, I guess, you know, how far we follow up on some of the regulations on what happens. [LB672]

JIM MACY: They should go to a waste tire hauler; that hauler should then take it to an approved disposal site and not to an amnesty day or whatever. I appreciate that information. [LB672]

SENATOR FRIESEN: See I came in supporting the one dollar tire and I might leave here looking the other way. But yeah, I just, because I thought there were probably some requirements other than that on what happens to that tire. And I agree, those contracts vary from retailer to retailer. I was kind of disappointed there was not really an actual retailer up here today to ask some questions. But I know it varies across the state, but I know the prices vary a lot and they can vary anywhere from \$3 to \$15 a tire depending on size, and then I was just thinking that maybe there was requirements on what happens to that tire. [LB672]

JIM MACY: I'll be happy to do a little research and get back with you on the specifics of that. [LB672]

SENATOR FRIESEN: Thank you. [LB672]

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SENATOR SCHILZ: Thank you, Senator Friesen. Senator Johnson. [LB672]

SENATOR JOHNSON: Thank you, Senator Schilz. Follow up a little bit, it's a good segue. And kind of my question, I was in the tire business, but we have people that come in and say, okay, this is for scrap tires for recycle, yeah, okay. I'm not going to turn my tire in because it's something I'm going to put on a trailer, farm trailer, I'm going to use it again or I'm going to put it on my silage pile. The case has just come out, they've got 300 car tires that they're going to...how do...if what you said, they're supposed to contract with somebody, there's no way to count tires in, tires out, I'm sure. So, I'm not sure we've got a big leakage there, but the one...we have a few people that would say, I'm not going to pay the tire scrap bill because I'm going to reuse the tires. And the dealer said, you owe it, and I think they did, but there was some concern. I'm not sure if this gets relabeled or reidentified some way that, you know, it is a requirement whether you turn in a tire or not. Any comments on a broad question there? [LB672]

JIM MACY: No comment on that. I think that is accurate, but the tire fee for disposal is differing from the dollar for the program. [LB672]

SENATOR JOHNSON: Yeah, I just...that's it. [LB672]

SENATOR SCHILZ: Thank you. Senator Schnoor. [LB672]

SENATOR SCHNOOR: The dollar for the program, an earlier testifier handed out counties that had recycling programs for tires. You know the one for me that comes to mind is Cuming County and then when they do these programs, you know it shows here they received a \$43,000 grant, but I remember specifically that they say, in essence, tire dealers, you can't bring in tires. This is for just your average consumer, you know, somebody that had their tires put on a car and they took the four home and then they choose to dispose of them this way through these programs. So my question is, are there in the statute or wherever, are there...how do I explain this...restrictions put in place that under these grant programs that this does not go towards dealers? [LB672]

JIM MACY: I believe so. I'll be happy to get back with you on the specifics of that. [LB672]

SENATOR SCHNOOR: You know, to prevent that from happening so I think...so, I forget who said it over here, so you aren't getting taxed twice for it. [LB672]

JIM MACY: Yes, sir, I'll be happy to research that and get you in detail how that works. [LB672]

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SENATOR SCHNOOR: Okay. Because I think you definitely specified this dollar fee goes to this grant program, this is not a recycling fee. This is a grant program that this tax goes towards. Is that how I'm understanding that? [LB672]

JIM MACY: It's a user fee, yes, for that program. [LB672]

SENATOR SCHNOOR: Yeah, and then a particular dealer can charge whatever they want to dispose of the tire. That's a total separate issue than this dollar tax. [LB672]

JIM MACY: Yes, sir. [LB672]

SENATOR SCHNOOR: Okay. Thanks. [LB672]

SENATOR SCHILZ: Thank you, Senator Schnoor. Any other questions? Seeing none, thank you for your testimony. [LB672]

JIM MACY: Thank you. [LB672]

SENATOR SCHILZ: Appreciate it. Any further neutral testimony? Good afternoon, sir. Sorry for earlier, there was a need to keep decorum, so. [LB672]

GEORGE HOELLEN: Oh, that was...I apologize. I apologize for that. [LB672]

SENATOR SCHILZ: No problem. [LB672]

GEORGE HOELLEN: My name is George Hoellen, G-e-o-r-g-e H-o-e-l-l-e-n. I'm president of T.O. Haas Tire and I had not planned on testifying this afternoon here. I was here with our executive director of the Mid-America Tire Dealers who testified earlier, but I am a tire dealer and have been in the business for over 40 years, 32 years with T.O. Haas and president for the last 15 years. So as an invitation and in response to your request that you wished there was a tire dealer here, I threw myself to the wolves. (Laughter) So, I'd be happy to answer...I really don't have any testimony, but there's a lot of questions and yes, I piped up as Shawn looked to me for help, and you know, I'd be happy to answer some of the questions as to... [LB672]

SENATOR SCHILZ: Senator Friesen. [LB672]

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SENATOR FRIESEN: Thank you, Chairman Schilz. Well, thank you, Mr. Hoellen, for coming up and testifying. So what in your case when you...when a customer comes in and purchases his tire, I take it you probably give him the option of either taking the tires with him in case he wants to keep them, or he can leave them there. So you charge a fee for leaving them, is that correct? [LB672]

GEORGE HOELLEN: That is correct. [LB672]

SENATOR FRIESEN: And so if he chooses to take them home, there's no charge. [LB672]

GEORGE HOELLEN: It's the customer's decision. If their instructions are to throw them in the back of the truck, throw them in their trunk, or whatever, they're free to do that and that's the customer's wish and we abide by that, yes. [LB672]

SENATOR FRIESEN: So then you enter into a contract with someone to dispose of your tires? [LB672]

GEORGE HOELLEN: That's correct. [LB672]

SENATOR FRIESEN: And so, do you...can you say where they go? I don't want to take a trade secret or anything, but I'm just curious as to where your tires go. [LB672]

GEORGE HOELLEN: No, there's a number of certified recyclers and collection people that have been approved by DEQ. All of our tires across all of our stores, we have stores in Nebraska, Kansas, and Iowa. Every one of our stores is picked up in a trailer program. We have either a 48 or 53 foot semi-trailer spotted on the facility. The tires are put inside there on a daily basis and when the trailer is filled, we call and we use EnTire Recycling. EnTire used to be in Nebraska City. Some of you may be familiar with Jim Gierking that owns that company from years past. After they had an unfortunate fire in Nebraska City, they moved over to Rockport, Missouri. So they go from Rockport, Missouri, to each of our stores whenever we are...have a trailer full and they will pull them. And it's a contracted basis per trailer at this point in time. Haven't ever really looked at a cost per tire--some of you have asked about that--simply because it's a cost for the trailer, it's cheaper per tire if we do a good job of loading the trailer. It costs us the same amount if it's 7,000 pounds or 7 ton or if it's 12 or 13, so our unit cost will drop significantly from a disposal standpoint if we're efficient in doing a good job. [LB672]

SENATOR FRIESEN: So it's not even assessed by the pound or anything. It's whatever you can stuff in that trailer. [LB672]

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GEORGE HOELLEN: Right now it is simply per haul, a tipping fee, and a transportation fee. [LB672]

SENATOR FRIESEN: You know, without disclosing, I guess, the price you have to pay, do you think there's a large range of costs between haulers? [LB672]

GEORGE HOELLEN: There is in that a number of the haulers also will pick up, have scheduled routes. They'll go to a dealer on a weekly or a bi-weekly standpoint and just pick up whatever is there, pick up to 60-70 and they're paying by piece. They're paying a certain amount of money for a passenger or a light truck, certain tires, certain amount of money. For a medium truck tire it...a (inaudible) implement or a tractor rear, you get into a large rear. [LB672]

SENATOR FRIESEN: Do you know what some of those charges are? [LB672]

GEORGE HOELLEN: Oh, it goes anywhere from three bucks to \$25 for a radial rear, you know, for disposal fees. So you can...it depends on the size of your business, a lot of small dealers, you know, through our area are...don't have the volume to be able to effectively have a trailer or make it really worthwhile for the recyclers to spot a trailer. [LB672]

SENATOR FRIESEN: And so once it's on the trailer you have no idea really or care where it goes as long as it's taken care of, I mean... [LB672]

GEORGE HOELLEN: Well, one of our partners, I'm a partner in the company, we have three partners. One of the partners is an investor in EnTire and has been from day one. T.O. Haas was an early co-author of LB163 back, you know, when it was initially enacted. So I've been on the outside of this program for a long time. So we have a working knowledge and working relationship with EnTire. They have set up their cryogenic plant in Rockport. They use liquified nitrogen that freezes and it's like a hammer mill and they can make different types of products, so. They're sending their crumb rubber, as I spouted off, they supplied the crumb rubber for field turf when that went into Memorial Stadium. So they're not as involved in field turf today, but they're selling, bagging and sending this...selling the product. And one of the issues that as a tire retailer we have right now is that our cost of disposal for 2016 is going to go up significantly. One of my concerns about the elimination of the dollar fee is, we've already...yes, we've met with EnTire a week and a half ago. They're looking at a significant increase in our cost per trailer to dispose the tires. Part of that is because with the no longer widespread use of the tire derived fuel, we're not burning tires in Nebraska anymore, and the market, there's been enough from what we've been told, the market is enough for the crumb rubber, there's enough other recyclers. Steel prices are down because they capture the steel out through magnets, the fluff as they call it, which is the carbon fiber that's also a part of the sidewall, those markets are down, that market is

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no longer supporting and subsidizing, if you will, what they were charging retailers like ourselves. So now, they're as they look at their business model and look at their profitability, they've come to us and said for 2016 we're going to have to raise our rate. We're looking at in some cases, almost a 50 percent increase. My concern then is, as a business person, at least part of that cost is going to have to go to the consumer, going to have to be passed out. And at that point in time, how many more of the consumers will make the decision that throw it in the back of my truck, throw it in my trunk, I'll take care of it. If that happens, and we find ourselves another year or two down the road and the fund goes away as we know it, I don't know if the dollar is enough. I don't know. I mean, for DEQ as far as whether it funds all the programs and they have enough money, what that dollar is, it may be all right. Our concern is if our costs go up, we have to pass on at least a percentage of that to the consumer. If more of the consumers opt to keep it and dispose of it improperly, we're going to find ourselves at some point in time with a demand for what the fund actually was initially set up for. [LB672]

SENATOR FRIESEN: Thank you, Mr. Hoellen. [LB672]

SENATOR SCHILZ: Senator Johnson, do you have a question? [LB672]

SENATOR JOHNSON: No, I'm okay right now. [LB672]

SENATOR SCHILZ: Okay. Senator Kolowski. [LB672]

SENATOR KOLOWSKI: Thank you, Mr. Chairman. Sir, do you have any idea of the approximate number of tires you recycle in a year's time, unless it's a trade secret or something? [LB672]

GEORGE HOELLEN: No, no, I don't know because we also recycle and process more tires than we sell. There's hardly a week go by that we don't come to one of our stores and find a dozen tires sitting at the back (laughter) of our scrap tire trailer. It is at a point where over the years we've had to padlock our trailers overnight because people will go through them looking for used tires... [LB672]

SENATOR KOLOWSKI: Sure. [LB672]

GEORGE HOELLEN: ...you know, scrounge through in the middle of the night, disrupting all of the nice work that they did of compactly lacing the tires in there in order to get our efficiencies, very frustrating. So we do clean up a lot and whatever is there goes in our trailer that day. It's hard to tell. I do know, and I checked into the number this morning for 2015, we remitted to the

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state of Nebraska \$92,004. I don't know who bought that last set of tires. (Laughter) It got us \$4, but some...you know, who that person was. But that's nice. So that would represent in the state of Nebraska 92,004 tires, new tires that we sold and that would just be in Nebraska. [LB672]

SENATOR KOLOWSKI: Thank you. [LB672]

SENATOR SCHILZ: Senator McCollister. [LB672]

SENATOR MCCOLLISTER: Mr. Chairman, thank you. That money that you generated, that was at a dollar a tire? [LB672]

GEORGE HOELLEN: Yes, sir. [LB672]

SENATOR MCCOLLISTER: Okay. And then you also issue or levy a standard charge per consumer when they purchase some tires? [LB672]

GEORGE HOELLEN: Yes. [LB672]

SENATOR MCCOLLISTER: In addition to the dollar? [LB672]

GEORGE HOELLEN: In addition to the dollar to offset that disposal fee, that cost that we have for that semi-trailer of scrap tires because, you know, we pay for that. We're charged to dispose of that trailer. [LB672]

SENATOR MCCOLLISTER: Thank you, sir. [LB672]

SENATOR SCHILZ: Thank you, Senator McCollister. Senator Schnoor. [LB672]

SENATOR SCHNOOR: Sir, is your dollar fee that you charge, is that just factored into the price or is that an extra charge that is annotated on there? [LB672]

GEORGE HOELLEN: It's a line item. It's a \$4 line item Nebraska state...I don't remember exactly the verbiage, but yes, it's a... [LB672]

SENATOR SCHNOOR: It's money in and money out. [LB672]

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GEORGE HOELLEN: That's right. That's right. And on top of that, I might add, frankly, there is also then a separate line item for the disposal, for the disposal fee. So those two are not... [LB672]

SENATOR SCHNOOR: And I think it...you probably said this already, that disposal fee is determined by the retailer. You know, you have a fee, and if somebody in Fremont or Scribner, in my area they can have their own fee, whatever that may be. [LB672]

GEORGE HOELLEN: That's right. There's nothing that dictates it. It's relative to their individual costs as far as disposing of tires and that does, depending on what service you use and how you do it, can vary significantly. [LB672]

SENATOR SCHNOOR: Right. And if I get two or four tires put on a car, I can either take them with me and not pay the disposal fee, but I still have to pay the dollar tax per tire... [LB672]

GEORGE HOELLEN: You still pay the \$4. [LB672]

SENATOR SCHNOOR: ...whether I take them with me or whether the retailer disposes of them. [LB672]

GEORGE HOELLEN: You're absolutely correct. [LB672]

SENATOR SCHNOOR: Okay. Thank you. [LB672]

SENATOR SCHILZ: Thank you, Senator Schnoor. Any other questions? Seeing none, thank you very much for coming up today. [LB672]

GEORGE HOELLEN: Thanks. [LB672]

SENATOR SCHILZ: Appreciate it. Any further neutral testimony? Seeing none, Senator Krist, you're welcome to close. [LB672]

SENATOR KRIST: So first of all, I'd like to thank everybody and I think probably 80 percent, most of the people that testified, either gave my office a call or called me or talked to me and I think that's great. And I was able to bely their fears that I had no intention of trying to do what the bill actually purported to do. But I think you can see, it's a pretty interesting matrix and the last thing Mr. Hoellen said is very interesting to me because as I said in my opening, maybe it's

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not enough and maybe the program needs to be looked at in terms of its viability today, because if he's forced to start charging the fees that he needs to charge in addition to the dollar, more of those tires are going to be out there. So looking at something again after its inception in 1989, I think was a good thing to do. And the other thing I heard today which I guess, you know, not being in the field is not a surprise that you don't know everything about it, but the other thing that's interesting is during one of these filibusters which we see frequently, we should start talking about economic development where it comes to tires. Because it sounds to me like there isn't a disposal or recycling place in the state of Nebraska, so. That's a joke, (laughter) but there you go. I want to thank you for your time and for hearing this bill today and hope that if you decide to do anything with it, I think Mello has got a few things, as was stated, and you want to use this as a shell, that's fantastic. But I think looking at those recycling issues occasionally is something that we should do. [LB672]

SENATOR SCHILZ: Very good. Any final questions for Senator Krist? Senator Johnson. [LB672]

SENATOR JOHNSON: Not a question, just a...maybe it's a question or more of a comment. Thank you for bringing it in, as I've been in the tire business many years, but I think a clarification a little bit more on...because there's still a concept out there that that dollar fee is for my used tire coming in and that's not the case. And I don't know... [LB672]

SENATOR KRIST: No. [LB672]

SENATOR JOHNSON: ...a clarification there. [LB672]

SENATOR KRIST: And in fact, if anybody looks at the fiscal note, it's not the recycling for the fee coming in, it's a dollar fee on the new tires. [LB672]

SENATOR JOHNSON: Yeah, right. And then it is a dollar fee on the new tire for this purpose... [LB672]

SENATOR KRIST: And to Senator Schnoor's point, you don't have a choice to pay that one. [LB672]

SENATOR JOHNSON: No. [LB672]

SENATOR KRIST: Because the way it was set up is the fee on the new tire put in, so. [LB672]

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SENATOR JOHNSON: Thank you. [LB672]

SENATOR KRIST: Yes, sir. [LB672]

SENATOR SCHILZ: Any other questions? Senator McCollister. [LB672]

SENATOR MCCOLLISTER: Yeah, thank you, Mr. Chairman. If you, in fact, this leads to an interim study, I'd like to participate. [LB672]

SENATOR KRIST: I'll defer to the Chair. I really think that you all are surrounded by natural resources and these kinds of things and I think it's in your park, you know. [LB672]

SENATOR SCHILZ: Gee thanks, Senator. [LB672]

SENATOR KRIST: Anything I can do for you. [LB672]

SENATOR SCHILZ: Okay. Any other questions? Seeing none, thank you very much, Senator Krist. [LB672]

SENATOR KRIST: Thank you. [LB672]

SENATOR SCHILZ: That will close the hearing on LB672, I believe, and I will take a motion to go into Exec real quick; it will be fast. [LB672]