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Government, Military and Veterans Affairs Committee
February 16, 2017

[LB237 LB369 LB382]

The Committee on Government, Military and Veterans Affairs met at 1:30 p.m. on Thursday, February 16, 2017, in Room 1507 of the State Capitol, Lincoln, Nebraska, for the purpose of conducting a public hearing on LB237, LB382, and LB369. Senators present: John Murante, Chairperson; Tom Brewer, Vice Chairperson; Carol Blood; Joni Craighead; and John Lowe. Senators absent: Tom Briese; Mike Hilgers; and Justin Wayne.

SENATOR MURANTE: (Recorder malfunction)...Veterans Affairs Committee, my name is John Murante. I am a State Senator for District 49. I'm Chairman of this committee. We are here today for the purpose of conducting three public hearings. We'll abbreviate this opening because it looks like everyone in the audience is familiar with our protocols. If you are going to testify, I ask that you fill out one of these green sheets. Please begin your testimony by stating and spelling your name for the record. We use the light system. Every testifier is afforded four minutes to speak. If you have any copies, any you want distributed to the committee, please provide them to our page who will distribute them to us. Our page today is Joe Gruber and our committee members are... [LB237]

SENATOR BREWER: We have two pages.

SENATOR BLOOD: Brenda Page.

SENATOR MURANTE: Brenda. Brenda is here as well. I'm sorry. Brenda, your problem is you're kind of concealed by Senator Blood right now, so that's...not Senator Blood's fault. It's actually her chair is the problem.

SENATOR BLOOD: Thank you.

SENATOR MURANTE: The chair is the issue and we'll talk to Chuck about that. So introduction of members on the far right. Senator John Lowe from Kearney, Nebraska. The triumphant Senator Lowe. To his left, Senator Tom Briese from Albion. Senator Briese is away at a family funeral and will not be with us today. To his left, Senator Mike Hilgers from Lincoln, Nebraska; to his left Senator Tom Brewer from Gordon, Nebraska. Senator Brewer is the Vice Chairman of this committee. To my immediate right is Andrew La Grone. Mr. La Grone is the committee's legal counsel. To my immediate left is State Senator Justin Wayne. Senator Wayne represents Omaha. I do anticipate him to be here today. To his left is State Senator Joni Craighead. Senator Craighead represents Omaha as well. To her left, State Senator Carol Blood. Senator Blood represents Bellevue. And on the far left is Sherry Shaffer. She is the Government

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Committee Clerk. And with that, Senator Erdman, welcome back to your committee on Government, Military and Veterans Affairs. [LB237]

SENATOR ERDMAN: (Exhibits 1-2) Thank you, Senator Murante. It's good to be home again. Thank you. I have a couple of handouts. My name is Steve, S-t-e-v-e, E-r-d-m-a-n, and it's with pleasure I come today to present to you LB237, and you may know in my prior life I served as a county commissioner. And so visiting with the county issues and some of those things that have come up over time is to what would work best for county government and for those involved with it, I am bringing today this LB237. As it is written it would change the location for filing school district treasury bonds in Class school districts I, II, III, and IV and V, V and VI, or IV and VI, and we're going to change that statute. I believe there was a bill introduced to change some of those school classifications if I'm not mistaken, so that may need to be amended if we change...eliminate some of those school classes that might not be applicable. I don't know if that's the case, but I thought I heard a bill that said they were going to eliminate some of those school classes that were no longer needed. Okay. So under ll-107, these bonds are equivalent and...or equivalent coverage are approved by the president and secretary of schools districts, and then filed with the county treasurer's office. LB237 would move the filing from the county treasurer's office to the school district office. The intent is to make the location of the filing more closely connected to the officials who are bonded. And if a member of the public is looking for school district treasury bond, for the treasury bond they would more likely go to the school district than the office of the county treasurer. I have an amendment. Since the introduction of the bill we discovered that we needed to add language evidence that the bond before distributing property taxes to the school district, even though the bond doesn't need to be on file in the treasurer's office, I'm handing out AM240. It's an amendment to LB237 that would require school districts to provide an electronic copy of the bond to the county treasurer. If we didn't provide an electronic summation of what the bond is, the treasurer may not know how much taxes to collect, therefore, that's the reason. The amendment would also change the bond so that it is executed to the school district rather than the county. This is already the case for the Class IV and V districts under this section of the statute. That is my opening remarks and I would be interested in hearing any questions you may have and maybe I can answer them. [LB237]

SENATOR MURANTE: All right. Sounds great. Senator Blood. [LB237]

SENATOR BLOOD: Thank you, Chairman Murante. Senator, can you give me a little background on how this bill came to be and what motivated you to do this bill? [LB237]

SENATOR ERDMAN: This bill came about because, Senator Blood, several years ago I served as the NACO president, which is the Nebraska Association of County Officials, and that organization has for a long time thought it would be appropriate that we'd have a county official

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serve in state government. And there are several clean-up things that happened in county government that they like people to try to carry that have an understanding of what's going on and so they came to me with this information, and so it was their idea. [LB237]

SENATOR BLOOD: Okay. So that gave me a little history of how you got here, but isn't really a whole lot of history about how the bill got here. So they brought the bill to you. [LB237]

SENATOR ERDMAN: Yes. [LB237]

SENATOR BLOOD: And they brought this bill to you and said, we have what problem? [LB237]

SENATOR ERDMAN: The problem is, right now people are going to the...they're looking for the bonding information and they're going to the school and the school says, you've got to go to the county. [LB237]

SENATOR BLOOD: Okay. [LB237]

SENATOR ERDMAN: And so it's a simplification of where is the information to be had by the public? It makes it more simple and streamlined as if we're looking for the bonding information and we go to the school, that's where it is and it saves them a trip. [LB237]

SENATOR BLOOD: That's what I need. Thank you. [LB237]

SENATOR ERDMAN: And that's where the people who were bonded are at anyway, the treasurer...president and the secretary of treasurer. So that was the indication. That's the reason. [LB237]

SENATOR MURANTE: Okay. Any additional questions? [LB237]

SENATOR ERDMAN: There will be some people that will testify behind me that have information pertaining to that as well, so if you have other questions. [LB237]

SENATOR MURANTE: Senator Lowe does have a question actually. [LB237]

SENATOR LOWE: I'm not going to let you off that easy. Thank you, Chairman Murante.
According to the amendment then, if they do go to the county treasurer they probably could still

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find the information out because there's the electronic file that goes to the county treasurer.
[LB237]

SENATOR ERDMAN: Yeah, the county treasurer will have the electronic filing but their stats...state statute, that is not sufficient in the state statute. That's correct. [LB237]

SENATOR LOWE: Okay. [LB237]

SENATOR ERDMAN: I'll be around to close. [LB237]

SENATOR MURANTE: Sounds great. [LB237]

SENATOR ERDMAN: Thank you. [LB237]

SENATOR MURANTE: Welcome. [LB237]

BETH BAZYN FERRELL: Thank you. Good afternoon, Chairman Murante, members of the committee. For the record my name is Beth, B-e-t-h, 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 support of LB237. We'd like to thank Senator Erdman for introducing the bill and the amendment on our behalf. It's just as he said. This issue came to us from county treasurers who were looking at it as sort of a customer convenience issue. If someone was looking for the school district treasurer's bond, it was logical that they would go to the school district office rather than coming to the county treasurer's office for the bond, so that was the intent of the bill. The amendment would just make sure that the county treasurer still has some information about the bond by receiving the electronic version of that and we would envision that as something as simple as just scanning it and e-mailing it to the county treasurer. So with that, I'd like to again thank Senator Erdman. I'd be happy to take questions. [LB237]

SENATOR MURANTE: All right. Thank you very much for your testimony. Are there any questions? Seeing none, thanks for coming down. Welcome. [LB237]

CANDACE MEREDITH: Thank you. Candace Meredith, C-a-n-d-a-c-e M-e-r-e-d-i-t-h, and I am the Lancaster County Chief Deputy Treasurer and I'm here today on behalf of the Lancaster County Treasurer's Office and the Nebraska Association of County Treasurers. We are in support of LB237 and we feel that this bill is a modern and a commonsense approach to how school districts should file a surety bond or a certificate of liability. However, under Section 23-1601, the county treasurer's general duties include verification of valid official bonds issued by school

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districts to determine distribution of funds. Therefore, adding the amended language to provide a electronic copy of the bond to the county treasurer will be an adequate solution to maintain our obligation to Statute 23-1601 without having to submit documents for proper filing. And if you have questions, I'd be more than happy to answer them. [LB237]

SENATOR MURANTE: All right. Thank you for your testimony. Are there any questions? Seeing none, thank you for coming down today. [LB237]

CANDACE MEREDITH: Thank you. [LB237]

SENATOR MURANTE: Still on proponent testimony for LB237, any more proponents? Are there any opponents? Is there any neutral testimony? Welcome. [LB237]

NATHAN LEACH: Thank you, Mr. Chairman and members of the committee. Thank you for your time. My name is Nathan Leach, that's N-a-t-h-a-n L-e-a-c-h. I reside in District 27 but grew up in Kearney and graduated from Kearney High School in 2015. I'm here representing myself and speaking on a neutral capacity in order to put into the record certain statements relevant to how this bill is considered within the committee and then also how the bill is considered once it moves on to the floor. And what I would really like to put into the record is a speech made by U. S. Senator George Norris in 1937 before the Unicameral, the first time it had met. And he said...he actually skipped the opening day of the U.S. Senate in order to make these statements. You are members of the first Legislature of Nebraska to hold your positions without any partisan obligation to any machine, to any boss, or to any alleged political leader. Your constituents do not expect perfection. They know that it is human to err but they do expect, and have the right to expect, absolute honesty, ultimate courage, and a reasonable degree of efficiency and wisdom. The people of Nebraska will not condemn you even if they do not agree with your official actions. We realize that honest disagreements on things which are not fundamental is an evidence of courage and independence. We expect an economical and efficient administration and, above all, an honest administration free from any partisan, bias, political prejudice, or improper motives. I hope that will benefit the record and I would take any questions. [LB237]

SENATOR MURANTE: Thank you for your testimony. Are there any questions? Seeing none, thanks for coming down today. Any more neutral testimony on LB237? Seeing none, Senator Erdman. [LB237]

SENATOR ERDMAN: Thank you. I appreciate the opportunity to come and visit with you today and all those who came to support me in the testimony. If you have any other questions, I will take those. If not, I would appreciate you advancing LB237. [LB237]

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SENATOR MURANTE: All right. No final questions, that closes the hearing on LB237. We'll proceed to the next item on the agenda, LB382. Senator Erdman. [LB237]

SENATOR ERDMAN: (Exhibit 1) Good to be back. For the record, my name is Steve, S-t-e-v-e, Erdman, E-r-d-m-a-n. I'm here today to present LB382. LB382 has to deal with Highway Allocation for the counties as well. Before I get started, Senator Blood, I'll just tell you that the NACO has brought this to me as well. It was a problem that we had in our county where we were because of the allocations we received, sometimes we weren't able to spend those. And so the attempt of this bill is to change those status of those allocations, state aid, if you will, so that they can use those in their budgeting. LB382 would remove the Highway Allocation Funds and incentive payments from the restricted funds category in county budgets. In 2011, the Legislature enacted the Build Nebraska Act and earmarked a portion of the state's sales tax for Highway Allocation Fund. In 2015, the Legislature enacted a gas tax increase that would come to counties through the Highway Allocation Fund. The new dollars helped the counties improve roads and bridges but have created a complication due to where they are placed in the counties budget. According to the state budget status, money that comes to the counties through the Highway Allocation Fund, as well as incentive payments, are considered as state aid, believe it or not, state aid and thus are restricted funds. The prior years restricted funds serve as a basis for the allowable growth in the following years budget. Restricted funds are comprised of property tax, payments in lieu of taxes, occupation taxes, motor vehicle taxes, state aid, and certain capital improvement transfers. Here's a very simplistic example of how this works. The county budget may spend \$20 million on restricted funds. Of that \$2 million is from the Highway Allocation and incentive payments. The other \$18 million is from the county for other county functions such as the clerk, the indigent defense, register of deeds, jail, reimbursement, and so on. When the Highway Allocation and incentive payments go up, as they have recently because they are considered restricted funds, they decreased the amount that the counties can spend on the other functions that they have. An example, if the county receives an increase of \$2.5 million in Highway Allocation and incentive payments, only \$17.5 million of the \$20 million would be able to be spent on other county functions. Because the \$20 million number doesn't change, other county functions would negatively be impacted by the increase in Highway Allocation incentives. LB382 would take Highway Allocations and incentive payments out of the restricted funds category. The county would still only budget for \$18 million for the other county functions in the first example, but when the Highway Allocation and incentive payments increase, it would affect the \$18 million amount. The increased Highway Allocation and incentive payments would still be a part of the county budget, but the county would have more flexibility in using without negatively impacting other county functions using the restricted funds. Because the budget status are convoluted, let me explain how this bill is drafted. For the purpose of this restricted fund calculation, Highway Allocation and incentive payments are currently considered state aid. And as I said previously, state aid is considered a restricted fund. On page 3, line 22 of your bill, it removes the Highway Allocation and incentive payments from the definition of state aid to

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counties. But if we only remove this language going back to the \$20 million example, counties could have used the whole \$20 million in FY17 and 18. If the \$2 million for Highway Allocation and incentives payments were taken out of the definition of restricted funds, that would be opening up for a one-time increase of restricted funds authority of \$2 million. To make sure that the bill does not give an unintended budgetary authority, we had to include the new language on the top of page 5. On top of page 5 it says to determine the prior year's restricted funds amount for allowable growth calculations in FY17 and 18, budget adjustments are made as follows, and on the back of that document it talks about the adjustments. The amount the county has budgeted for Highway Allocation and incentive payments is deducted from the prior year's total restricted fund. The funds are not restricted for FY17-18, so when calculated allowable growth, they should be deducted from the prior years restricted funds. We're not intending to allow the county to ask for more money than they did before. We're just asking to free up the money they get as state aid to be spent on other things that it wasn't actually intended for. And some of those things are buying gravel for a dirt road or doing some things that the county needs to do that they weren't eligible to do before. So then the amount of Highway Allocation Fund and incentive payments that are budgeted to be used for capital improvements would be added back in. These capital improvements are already exempted and need to be added back in to prior restricted fund to avoid getting counted twice and allowing an unintended growth. Upgrading a dirt road to a gravel road is an example of capital improvements and can be exempt from being considered restricted funds. Purchase of equipment or filling potholes is not considered capital improvements. We have verified with the State Auditor's Office that this language would accomplish what we're after and remove the chance for increases in Highway Allocation and incentive payments to negatively impact county budgets. The Hall County engineer will follow me with more discussion and actual data that will describe how it works, especially in Hall County. I would encourage you to advance LB382 and I would try to answer any questions you may have. [LB382]

SENATOR MURANTE: Thank you very much for your testimony. Are there any questions? Seeing none, thank you for your opening. [LB382]

SENATOR ERDMAN: Thank you. [LB382]

SENATOR MURANTE: Proponent testimony on LB382. Welcome back. [LB382]

BETH BAZYN FERRELL: (Exhibit 2) Thank you. Chairman Murante, members of the committee, for record my name is Beth, B-e-t-h, 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 support of LB382. We'd like to thank Senator Erdman for introducing this bill on our behalf. This is, again, a bill that we brought to him to help counties with some more flexibility for what happens with highway

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funds. I'm handing out a chart that is entitled Nebraska Transportation Financing, and it's probably more detailed than you really want to see for a bill like this, but it's just an example of all of the pieces that come into the Highway Allocation Fund, just what we're talking about today. I'm getting the Highway Allocation Fund taking it outside of restricted funds for budget purposes. The elements that we're really talking about when you look at this chart are the motor vehicle fuel tax and the Build Nebraska Act. Those are the two funding sources that the body has in the last couple of years increased for infrastructure projects, road projects. So those come to counties and they are considered a restricted fund for budgetary purposes. What this means is that based on the example that Senator Erdman provided, it limits how much counties can spend on other functions. For example, jails, elections, records preservation, those kinds of things, because the restricted funds allocation that comes from the Highway Allocation Fund ties that number down, if you will. So what we're looking at, this bill is moving the Highway Allocation Funds and the incentive payments from the restricted funds category into the general budget category so that those funds can be spent more flexibly, if you will. It doesn't increase property taxes at all, it just sort of tweaks the restricted funds formula within the budget. So we're not asking for any new tax dollars, we're just asking for more flexibility in funding. So I know this is a bit unorthodox and I apologize for this. Our testifier who was planning to come in, I just got a text from him. They're still a few minutes out, so I just wanted to let you know we do have someone that was planning to come in and if he's not able to be here in time to get his testimony in for this, we will submit that in writing to you afterwards. [LB382]

SENATOR MURANTE: Okay. Sounds good. [LB382]

BETH BAZYN FERRELL: I would be happy to answer any questions if I could. [LB382]

SENATOR MURANTE: Are there any questions? Senator Lowe. [LB382]

SENATOR LOWE: Thank you, Chairman Murante. Thank you for testifying again. You said it does not increase property taxes. Could it increase property taxes if the money wasn't spent wisely and...? [LB382]

BETH BAZYN FERRELL: I suppose there is always a potential the property tax will increase somehow. This just really looks at the budget piece of it, which is separate from the levy piece of it for, you know, the levy valuation generating the tax dollars. Our intent is not to have it increase property taxes at all, just to create more flexibility in how the spending would work. [LB382]

SENATOR LOWE: Okay. I was just trying to take time. [LB382]

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SENATOR MURANTE: All right. Do you have any sort of estimated time of arrival on your testifier? [LB382]

BETH BAZYN FERRELL: The text I got said he was about 15 minutes out, so I do apologize for that. [LB382]

SENATOR MURANTE: Understood. All right. Seeing no additional questions, thank you very much for your testimony. Additional proponents on LB382. Are there any opponents to LB382? Is there any neutral testimony to LB382? Welcome back. [LB382]

NATHAN LEACH: Mr. Chairman, members of the committee, thank you for your time and attention. My name is Nathan Leach. That's N-a-t-h-a-n L-e-a-c-h, and for the record, I reside in District 27. I grew up in Kearney and graduated from Kearney High in 2015. I'm speaking on behalf of myself and in a neutral capacity to place into the record some statements relevant to the procedure of this bill as it is considered in committee and when it goes on to the floor. And I want to be clear, my intent is not to waste your time. It's not to be obnoxious, but I truly believe that there are some statements that I feel a moral obligation to place some of these statements into the legislative record. And to tell you a little bit about myself and why this issue of nonpartisanship in considering bills in a nonpartisan manner matters to me. I, after graduating from Kearney High, I worked for...or yeah, I worked for a semester for a nonprofit in Kearney and did some bill tracking for that particular nonprofit and watched this process very closely. And as someone who studied parliamentary procedure in school and competed, at nationals for FCCLA I have a very keen interest in parliamentary procedure. And so, I've always admired the way that this body does things and the way that it focuses on issues and not necessarily the Rs and Ds of those handling the issues. And so after doing a semester at the University of Nebraska-Kearney, I went to Phoenix, Arizona and worked as a humble page in the Arizona State Senate. And I had a front row seat. I was also in the Democratic caucus to just...an incredibly dysfunctional system. Every single issue was based on the D and the R next to the senator's names. Bills...I mean if it was a bill that was proposed by a member of a specific party, a minority party, there would be no way that issue would ever be spoken about on the floor. And so I think that there is a great deal of value in the system that we have here in Nebraska and so after the Arizona State Senate adjourned sine die, I had the opportunity I could stay in Arizona or I could move back here and I made the decision to move back here specifically because of the nonpartisanship that we have in the state. And once I got here, I got pulled up in South Dakota. They had an election on the ballot for nonpartisan elections, so I helped out with the campaign up there and knocked on thousands of doors and told them about the system that we have here in the state and how much I love it and how much it typically works. And then I came back in January...well, in November, but...and I watched on the first day as that system was damaged, either intentionally or unintentionally, and I think that we have a lot of work that we have to do. And the Legislature, I think, is moving towards that now, but I feel that this issue is extremely

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important and it needs to be placed into the record that I did whatever I could to help move the Legislature back towards the way it was designed to operate. And I will continue to testify to different committees of this Legislature until the nonpartisan rules are unadopted. So again, I thank you very much for your time in allowing me to place these statements into the record, so. [LB382]

SENATOR MURANTE: Thank you very much for your testimony. Senator Blood. [LB382]

SENATOR BLOOD: Yes, Chairman Murante. So for clarification, I think you were in Health and Human Services yesterday, is that correct? [LB382]

NATHAN LEACH: Mr. Chairman, Senator, yes. [LB382]

SENATOR BLOOD: And your intent is to go around to every committee basically sharing your opinion in reference to our nonpartisan body for the next 50 days? [LB382]

NATHAN LEACH: Mr. Chairman, Senator, to clarify, I'm going to take a page from Senator Chambers' book and say that I'm not going to promise anything in terms of...my intent is not to filibuster. I'm not going to come up here and say the same thing every single time, but I do feel like there are some statements that for the record ought to be placed into the record. And so, if that means...I probably won't run around like a chicken with its head cut off to different committees throughout the building every single day and committees will stop having hearings as the process moves forward. So how that ends up looking is still up in the air. But I do feel like there are...that this issue needs to be talked about and I will, you know, continue to respectfully place it into the record, so. [LB382]

SENATOR BLOOD: Well, and you are the second house so you certainly have that ability and have amenity available to you. I know I've also received e-mails from you. Is that correct? I know, I've responded to them. [LB382]

NATHAN LEACH: Mr. Chairman, Senator, I do occasionally send out a nice little memo to the senators. [LB382]

SENATOR BLOOD: All right. Thank you. [LB382]

SENATOR MURANTE: I'm curious. Just...so you've followed the Legislature for a considerable period of time...well, at least a relatively... [LB382]

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NATHAN LEACH: Uh-hum, for a young scrapper like me. [LB382]

SENATOR MURANTE: When I was first elected, so there has been a narrative that things have fundamentally changed, fair enough. People are entitled to their opinion. When I was first elected, the first day when I was sworn into office there was, in my view, I'll editorialize, a clear progressive majority in the Nebraska State Legislature. On that first day four years ago, every single conservative who ran for a committee chairmanship lost if they had a competitive, a progressive competition for that office. A majority of committee chairs were registered Democrats. There was a clean sweep on that day four years ago. Why was that the standard by which we should hold ourselves to, but what happened on the first day this year somehow, something that is different than that. [LB382]

NATHAN LEACH: To respond to that, first of all, I'm registered nonpartisan. I have absolutely no interest in saying that this Legislature ought to have an equal amount of Democrats and Republicans as chairmen. I could frankly care less about the political affiliation of different members of this body. And I don't think that's the standard. I don't think that when we talk about polarization, what you look at is who is elected where. I think what is more important is to look at the intent and the dialog of how that process occurred. I do not think, from everything I've seen and heard from more progressive senators, there was never an orchestrated meeting of senators who said, well, we're going to elect all of these specific people to the chairmanship. [LB382]

SENATOR MURANTE: I think they just all voted the same way just out of... [LB382]

NATHAN LEACH: I think what happens in...with the four-ballot system is senators generally elect the more experienced, more educated, more fair-minded, more...you know, someone who generally has the experience to have that chairmanship. And that's not to say any current chairs don't have that. I might make exception for a few, but not on the record. [LB382]

SENATOR MURANTE: But that was not the case four years ago. The incumbent, conservative chairs lost to more junior, progressive senators because there was a progressive majority in the Legislature. So my question is, what is the difference between now and then that makes one okay and one concerning? [LB382]

NATHAN LEACH: Well, four years ago you didn't have senators stand up on the floor of the Legislature and say that this body is not nonpartisan and it has never been nonpartisan. Four years ago, it didn't take two months of the Legislature's time to adopt rules. Two years ago, you didn't have a specific senator who ought to have resigned or been expelled and the Legislature had to take a week of some of the most partisan dialog I think this Legislature has ever had. And

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two years ago, you didn't have a member of the executive branch pouring thousands of dollars into campaigns, local elections, and super PACs influencing the behavior of legislators. I met with a specific senator a number of days ago and asked him to support a specific issue and he said to me, he said, Nathan, I agree with this issue, but I don't think I can vote for it. You know, there's just all of, you know, all of, the Governor coming in and endorsing these specific candidates that frankly I think there was serious questions about whether or not those specific candidates ought to have been elected without the influence of the executive branch. And so, you know, I'm not going to stand up here and say, well, you need to have cloture votes here and you need to elect your chairmen like this and this chairman and that chairman is unfit. But I will say that there is a different kind and a different level of maliciousness and a different focus of the body that is concerning to me as someone who is young and someone who really, truly loves this...an irrational love probably for this institution. So that's my response to that. I don't think it is worthy of much reflection to get into the technicalities of...I mean, because obviously senators use some sort of, well, you know this particular chairman is a little bit more "progressor" and they align a little bit more with my views here. I'd rather put him in the chair or this person is a little bit more conservative, I'd rather have them in the chair. That's, I mean, that's natural to any deliberative body. It's natural to any state Legislature, but there is a line and I think that line was not only crossed, but it was jumped over and there was a big, little gig that happened over here and a dance and everyone's like, what about the line and then all of a sudden the Speaker stood up last week and there was kind of a little bit of a reflection and the body said, well, okay, maybe we should start and walk back over to that line. So that's my thoughts on the matter, so, but I'm just a humble 20-year-old, 21 in four days, so. [LB382]

SENATOR MURANTE: And I appreciate your coming down. I genuinely do and I think our testifier who we are waiting on probably showed up which is one of the reasons why I enjoyed, but I would very much enjoy continuing this conversation because I think there is some consensus that could be built with some fresh dialogue. But is there any additional question? Senator Brewer. [LB382]

SENATOR BREWER: Is it our responsibility to vote the way the people that elected us sent us here to do? [LB382]

NATHAN LEACH: Mr. Chairman, Senator, I firmly believe that it is the responsibility of an elected official to not be a mechanical device of exact...you can't go back to your district and do a quick poll on every single issue. [LB382]

SENATOR BREWER: I didn't say that. If we come from a conservative district, should we vote conservative also? [LB382]

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February 16, 2017

NATHAN LEACH: I think you should vote... [LB382]

SENATOR BREWER: And if we vote conservative, it's up to you to come in here and tell us that you don't agree with how we vote? [LB382]

NATHAN LEACH: I firmly believe that it's my right as a voter and as a constituent to lodge certain objections into the legislative record, yes. [LB382]

SENATOR MURANTE: Seeing no additional questions, thanks for coming down. Much appreciated. We'll do a little unorthodox, are you going to be a proponent? [LB382]

STEVE RIEHLE: I appreciate that. [LB382]

SENATOR MURANTE: Welcome. [LB382]

STEVE RIEHLE: Appreciate the committee's allowance in allowing me to speak before the group here today. Chairman Murante, members of the Government, Military and Veterans Affairs Committee, again, thank you for the opportunity to testify in support of LB382. Also want to thank Senator Erdman for introducing this bill. We think it's a good bill for county government, it's a good bill for county highway departments where I work. My name is Steve Riehle, R-i-e-h-l-e. I'm the county engineer for Hall County and I'm also the past president of the Nebraska Association of County Engineers, Highway Superintendents, and Surveyors. I spent over 30 years of my career building and maintaining highways, streets, roads, and bridges. I spent time as a consultant, contractor, city engineer, Department of Roads employee, and now I'm a county engineer, so I've seen the perspective from a lot of different areas and I've seen firsthand the demands of trying to maintain 50-year-old bridges, 80-year-old wastewater treatment plants, water treatment...drinking water systems that are built around the turn of the century and I understand that there's a lot of infrastructure needed in the United States. The infrastructure I deal with mostly is the infrastructure of county roads that gets people to work and goods to market. I believe a lot of this started, the recent push to support roads and bridges, especially county roads and bridges, by the efforts of the former Senator Annette Dubas through LR528. She made a publication that was finalized in December of 2014, I believe, and it was about the alarming condition of Nebraska's rural bridges. As a result of that a number of things have happened through this legislative body and they recognize the need to take care of our transportation infrastructure. Members of the past legislative bodies, as well as this body, stepped forward to help improve our roads and bridges with a few bills. Some of the bills that I might mention are LB98. In 2011 it created the Federal Funds Purchase Program which for us allows us as cities or municipalities to take what we used to get for federal dollars and get it bought back at currently 90 cents on the dollar and put a project out using county bids specs. And when

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I was a contractor, and also when I was a consultant, I used to say the thicker the bids specification, the thicker the bid. And thicker bid means more expensive and sometimes if we're doing a county road, it needs to be a thinner bid specification because it's a county road. And so we're able to do that through LB98. We've also got LB84, the Build Nebraska Act, which designates the portion of sales tax for transportation infrastructure. Some of that comes directly to counties. Also LB610 was an incremental increase of gas tax dollars which is coming through Highway Allocation dollars to cities, counties, and to the Department of Roads to help with our aging infrastructure. For counties we're hoping to make a difference on our bridges. And the last one that we're seeing at the county level is LB960, the Transportation Innovation Act that was passed by the last Legislature. It created a program that I've been working a bunch on and it's the County Bridge Match Program. I'm excited that the first round of projects was awarded in January and hope to see construction in March. When I talk to county highway superintendents as the past president of the association, we talk about sharing ideas, innovation, things we can do better, things we can do to work across county lines to interlocal agreements or idea sharing. And one of the things that continually comes up is the battle of infrastructure and I think we've seen help on that battle with infrastructures through some of the new programs. But many of the discussions have talked about with these new programs coming forward, are we going to be able to step up from the county standpoint and get ready for projects? Are we going to have the staff to do it or are we going to be able to plan the projects, pick the projects, and then finally, are we going to be able to fund our share of some of these projects because it's not always free? Sometimes there's a match required. So we've worked on things like that and one thing that continually comes forward and I hear from them is, are we going to be able to afford it? One of the things that happens to us in Hall County is we get an increase in Highway Allocation dollars. Highway Allocation dollars comes in through the gas tax. I think Beth gave you a chart earlier that shows that complicated formula. And those dollars sometimes go up and down depending on a number of factors, the wholesale price of gas, the gasoline consumption and, of course, the gas tax and things like that. But what we're seeing and projecting for Hall County, for instance, is an increase in gas tax dollars, a fair amount of it coming in from LB610, or the incremental gas tax increase that we're going to be able to use to improve our county roads and bridges and we're going to be able to take care of those needs, eliminate our structurally deficient bridges, take care of some of our asphalt roads that we've paved and haven't touched for 23, 24 years, things like that, where we ought to be doing some of those asphalt roads every ten or 11 years. We're seeing an increase in Highway Allocation dollars through the ultimate completion of LB610 of around \$438,000 is the projected dollar amounts. And our annual current authority for spending is a little over \$600,000, so we're staying under the allowed growth that's in the lid calculations by about six hundred and...I think six hundred and five, six hundred and six thousand dollars. And if Highway Allocation increases to ultimately what they project for 2020 of \$438,000, then we would use up almost three-fourths of that in that allowed room under lid and that's just for the Highway Department. That's having a negative impact for us on the departments we work with whether it's the county building department where we're doing some...joint work on an asphalt

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parking lot in county park, or whether it's the sheriff's department where we maintain their vehicles. And if we get extra gas tax dollars through Highway Allocation, then that gives us extra money and we're gobbling up more than our share of the allowed growth under the lid, and then they're going to have to cut back because we're getting more Highway Allocation dollars. The lid is put in there for controlling spending and I think it does that, but I think unnecessarily because of increases in Highway Allocation dollars to county highway departments, it's going to have a negative impact on other county departments. So I support LB382. I think it has positives for us. It eliminates an increase in Highway Allocation dollars to the highway department negatively affecting other county departments and I'd recommend the committee advance the bill. [LB382]

SENATOR MURANTE: Thank you very much for your testimony. Are there any questions? Seeing none, thank you for coming down. [LB382]

STEVE RIEHLE: Thank you. [LB382]

SENATOR MURANTE: (Exhibit 3) All right. Is there any final testimony on LB382? Seeing none, Senator Erdman. I do have a letter of support for LB382 from Merry Truhlsen, the Washington County Clerk. [LB382]

SENATOR ERDMAN: Thank you. Thank you to those who testified. The flow chart that they passed out to you and it's a flow chart. And you see the Highway Allocation Funds how they get to the county and they also are divided with the cities as well. And so that's good information for you to have. Senator Lowe, I would speak to your question about, will that raise property tax? It may lower them. We may be able to buy a motor grader or some other equipment that we need that we wouldn't be eligible to buy before with...if it was the other way. So it may actually lower property tax, could. Generally speaking, county government that I've been associated with and the information that I've gathered over the last several years, county commissioners are conservative in their budgeting. County budgets have increased probably less than 3 percent over the same period of time when the state's budget has gone up significantly more and so generally they're pretty conservative. But, I would be available to answer any questions, I might be able to answer, and I do appreciate your time in listening today and I would appreciate if you would advance LB382. Thank you. [LB382]

SENATOR MURANTE: All right. Thank you very much for our testimony. Any final questions? Seeing none, thanks for coming down. [LB382]

SENATOR ERDMAN: It's always nice to come to your committee. Thank you. [LB382]

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SENATOR MURANTE: Thank you. And to the last item on the agenda, LB369, Senator Lowe. Welcome. [LB382]

SENATOR LOWE: Thank you, Chairman Murante, great and faithful senators of the Government, Military and Veterans Affairs Committee. I hate to be the last one standing in front of a long weekend, so what I have to say is great minds think alike. LB369 is identical to Senator Craighead's LB152, so what I would like to do is have the committee hold LB369, and that ends my little speech. [LB369]

SENATOR MURANTE: (Exhibit 1) That will win the award for the best opening of the year, Senator Lowe. (Laughter) Are there any questions for Senator Lowe? Seeing none, thank you. Are there any proponents to LB369? Any opponents? Any neutral testimony? I do have a letter of support from John Gale, the Secretary of State, for the bill that we'll be holding, and that closes the hearing on LB369 and ends our public hearings for the day. Thank you, everyone. [LB369]