

ONE HUNDRED SEVENTH LEGISLATURE - FIRST SESSION - 2021
COMMITTEE STATEMENT
LB542

Hearing Date: Wednesday March 03, 2021
Committee On: Revenue
Introducer: Walz
One Liner: Authorize the issuance of highway bonds under the Nebraska Highway Bond Act

Roll Call Vote - Final Committee Action:
Advanced to General File with amendment(s)

Vote Results:
Aye: 7 Senators Albrecht, Bostar, Briese, Flood, Lindstrom, Linehan, Pahls
Nay:
Absent:
Present Not Voting: 1 Senator Friesen

Oral Testimony:

Proponents:

Senator Lynne Walz
Senator Mike Moser
Jake Owens
Josh Moenning
Dirk Petersen
Felicia Hilton
Jim Bulkley
Joey Spellerberg
Jerry Johnson
Lynn Rex

Representing:

Introducer
District 22
York County Development Corporation
City of Norfolk
4 Lanes 4 Nebraska
North Central States Regional Council of Carpenters
City of Columbus
City of Fremont
City of Wahoo
League of Nebraska Municipalities

Opponents:

Moe Jamshidi, PE

Representing:

Nebraska Department of Transportation

Neutral:

Ernie Goss
Katie Wilson

Representing:

Goss & Associates
Associated General Contractors Nebraska Chapter

Submitted Written Testimony:

Proponents:

Jennifer Creager
Ron Sedlacek
Jon Cannon
Jeanne McClure

Representing:

Greater Omaha Chamber
Nebraska Chamber of Commerce
NACO
ACEC Nebraska

Opponents:

Representing:

Neutral:

Representing:

Summary of purpose and/or changes:

LB542 proposes the intent of the Legislature in order to accelerate completion of the current highway construction projects identified for funding under the Build Nebraska Act and any future projects.

To achieve its intent, the Legislature is to conservatively utilize bond financing by issues bonds for safe and modern highway infrastructure. The bonds will not exceed \$400 million in principal and \$30 million in annual debt service. The annual debt service shall not exceed 19 years. No bonds shall be issued after June 30, 2027 except for refunding bonds. The bonds shall be paid off by June 30, 2040.

Proceeds from the issuance of bonds shall be deposited in the Highway Cash Fund. The bonds shall be considered a special obligation, not a general obligation or debt of the State. The bonds shall be exempt from state income taxes. The bonds shall be payable solely and only from the State Highway Capital Improvement Fund and any other funds specifically pledged by the Nebraska State Highway Commission (Commission).

The Commission, acting on the recommendation of the Department of Transportation, is authorized to issue bonds under the Nebraska Highway Bond Act. These bonds will be issued in accordance with the terms or conditions established by the Commission.

New language is added to define the additional authority granted to the Commission for issuing the bonds. The new authority begins after July 1, 2021. The bill specifically states the proceeds of such bond issues are to be used exclusively for purposes of the Build Nebraska Act. The proceeds of such bond issues are appropriated to the Highway Cash Fund.

Changes are made to the State Highway Capital Improvement Fund (Fund) regarding the use of the funds. The Fund shall be used to (1) repayment of the bonds issued; (2) at least 25% of the proceeds shall be used for construction of the expressway system and federally designated high priority corridors; and (3) the remaining proceeds shall be used to pay for surface transportation projects of the highest priority as determined by the Department of Transportation.

LB542 has the Emergency Clause.

Explanation of amendments:

AM401 becomes the bill. The changes in the amendment include:

Increasing the total amount of bonds that may be issued from \$400 million to \$450 million;

Appropriating the proceeds from the sale of the bonds to the State Highway Capital Improvement Fund ("the Fund"), rather than the Highway Cash Fund;

Clarifying that the money credited to the Fund under section 77-27,132 is to be used first for repayment of the bonds. If money remains in the Fund, then it is to be used according to current law;

Proceeds from the sale of bonds that are credited to the Fund are to be used 75% first for the expressway system and federally designated high priority corridors and the remaining proceeds are to be used for surface transportation projects, all as determined by the Department of Transportation.

Lou Ann Linehan, Chairperson