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FRIESEN: OK, welcome, everyone, this morning to the Transportation Telecommunications Committee hearing. I'm Curt Friesen from Henderson, chairperson of the committee, and I represent Legislative District 34. For the safety of our committee members, staff pages and the public, we ask those attending our hearings to abide by the following procedures. Due to social distancing requirements, seating in the hearing room is limited. We ask that you only enter the hearing room when it is necessary for you to attend the hearing-- the bill hearing in progress. Bills will be taken up in an order posted outside of the hearing room. The list will be updated after each hearing to identify which bill is currently being heard. The committee will pause between each bill to allow time for the public to move in and out of the hearing room. We request that you wear a face covering while in the hearing room. Testifiers may remove their face covering during testimony to assist the committee members and transcribers in clearly hearing and understanding the testimony. Pages will sanitize the front table and chair between testifiers. Public hearings for which the attendance seating capacity is at or near capacity, the entrance to the door will be monitored by the Sergeant at Arms who will allow people to enter the hearing room based upon seating availability. Persons waiting to enter the hearing room are asked to observe social distancing and wear a face covering while waiting in the hallway or outside the building. The Legislature does not have the ability, due to the HVAC project, of an overflow hearing room for hearings which attract several testifiers and observers. We ask that you please limit or eliminate handouts. Please silence all cell phones and other electronic devices. This morning we just have one bill on the agenda. Those wishing to testify should move to the front room. That won't be a problem today either. If you are going to be testifying, legibly complete one of the green testifier sheets located on the table just inside the entrance. Give the completed testifier sheet to the page when you sit down to testify. Handouts are not required but, if you do have handouts, we do need 12 copies. When you begin your testimony, it's very important that you clearly state and spell your first and last name slowly for the record. If you forget to do this, we will ask you to stop and do it. We will use a light system-- five minutes on green. When it turns yellow, you have one minute left. When the red light comes on, it's time to wrap it up. Those not wishing to testify may sign in on a pink sheet by the door to indicate their support or opposition to the bill. And with that, I'll introduce my staff. Legal

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counsel is to my right, Andrew Vinton, and the committee clerk, Sally Schultz, to my left. And with that, we will start with bill intro-- or senator introductions, with Senator Bostelman.

BOSTELMAN: Bruce Bostelman, Legislative District 23: Saunders, Butler, and Colfax Counties.

ALBRECHT: Senator Joni Albrecht, and I'm with District 17: Wayne, Thurston, and Dakota County in northeast Nebraska.

GEIST: Suzanne Geist, District 25, which is the east side of Lincoln in Lancaster County.

DeBOER: I'm Wendy DeBoer, District 10. That's all of Bennington and parts of northwest Omaha.

MOSER: Mike Moser from District 22: Platte County, a bit of Colfax County, and Stanton County.

M. CAVANAUGH: Michaela Cavanaugh, District 6: west-central Omaha, Douglas County.

FRIESEN: And Senator Hughes may join us during the hearing, if he-- he may be in another hearing somewhere else. With that, we will open the hearing on LB82. Senator Hilkemann, welcome to the committee.

HILKEMANN: Good morning, Chairman Friesen and members of the Transportation Committee. I am Robert Hilkemann; that's R-o-b-e-r-t H-i-l-k-e-m-a-n-n, and I represent District 4, which is west Omaha. I'm here to introduce LB82, which is to adjust the fractional schedule for the motor vehicle tax. I want you to know that I'm not bringing this bill for any organization. I'm bringing this for the 1.3 million drivers who pay this tax, including me. And it's one of those tax that I've always had a craw in my throat because Nebraska, you're going to find out, and the demonstration we're going to-- we're very high on this particular tax. In a former life, when I was practicing podiatry, I would have patients who came in who were new to the state of Nebraska or new to Omaha. And I would often ask, well, tell me how you're liking Nebraska. And I cannot tell you how many times people would say, well, I'm liking it, but I can't believe what it costs to license a vehicle here. That's the reason that-- there's a reason for that, and if you look at it, Nebraska is one of the highest states in the Union for our vehicle tax. If you look, I think I've seen from

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we're either third to seventh; it's kind of that range if you go to the different ones. If you look at our tax schedule-- first of all, I'm-- I want to talk about fairness today. If you look at our tax schedule, the first year we charge people 100 percent of their MSRP of their vehicle. I would maintain very few people today pay 100 percent MSRP. If you look at all the ads, you see Ford F-150 has a \$15,000 off MSRP. I was looking on the Lexus Web site the other day, even the RX 350, which is one of their most popular cars right now, it's got almost \$5,000 off MSRP. All of the vehicles are-- very few of the vehicles are sold for MSRP at this point. And then the second thing we do is, in the second year, we charge 90 percent of MSRP. Now, I don't know about you, but I have never had the opportunity to own a vehicle that only depreciated 10 percent in the first year. Most of mine depreciate 20 percent just going out the door. And so those are two areas that I think we need to really look at. And then the other thing that I discovered while we were working on this bill, that we have over 1,030,000 cars that are paying zero tax after the-- after 14 years. And I'm talking about hobby cars, collector cars that are probably worth 10 to 20 times what their MSRP was. I remember my-- my family was big into Chevies and we had a '57 Chevy that I-- that my dad probably paid \$400 for. And today, if we had that '57 Chevy, we'd probably, you know, it would-- probably worth \$15,000 to \$20,000. And if you've got a '57 Chevy, you don't pay any taxes on that here in the state of Nebraska. You're going to find-- after we did the-- some work on it-- and I had Matthu in my office research this-- we're one of the-- we-- we are the only neighboring state that does not have a minimum charge for vehicles after year 14. In fact, our neighboring state, Iowa, has \$50 dollars. We've got-- some are 15 percent of it. It-- all of these states you're going to find that.-- you'll see on the on the information I provided you, we all have just a little different way of calculating it. And so I had Matthu work on this to try to make it as close so that we're-- competing-- So we're talking apples to apples. And of course, I really want to thank Rhonda Lahm. She's been working with me on this. And I think that I'm probably her biggest pest right now, say what about this, what about this. But anyway, I want to thank her for working with me on this bill. So let's take it-- let's take a look at this handout that we've got here. Let's go through these. On the first page--and I'm looking at this is the first one here we have-- it says Douglas County. I said to Matthu, let's just take as an American a car as you can get. Let's take the Chevy Impala, 19-- or the '20/21 Chevy Impala. What's it going to cost

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to license that car in the state of Nebraska? And then what's it going to cost us to to license that car, not just the first year, but the years 3, 5, and 10? And so if you look on that first page where the-- and virtually all of the states charge a sales tax and so that-- so that-- that varies by state. You're going to find Colorado is about-- and-- and I had Matthu go to the largest county-- or the populated county in the state. So for example, this is what it cost to license this car in Douglas County. And-- and we used Denver County for Colorado, and we used Johnson County for Kansas and-- and St. Louis County for-- for Missouri. But at either rate-- so if you go to the total cost, so if you license that car in Nebraska with all the different fees that we have, it costs you \$2,336.20, with sales tax, the very first year. It goes to \$497-- obviously, we're dropping out the sales tax-- \$397, and then \$178 in year 10. Well, we'll take that same car and we'll go to Denver, Colorado. Now their sales tax is-- is over 8 percent on that, but-- so their total cost to bring that car on is \$3,422, which is higher than ours, but basically it's because of the sales tax. Now look what happens in year 3, 5, and 10-- significantly less than what we have in Nebraska. Next page is Johnson County, Kansas; at least it is on mine. I'm--I'm assuming these are-- that we are-- we are all on the same page here. Again, we have that high sales tax that takes care of it, but we're only a little over \$100 to-- to license it the first year, plus the sales tax, in Johnson County. In years 3, 5, and 10, It's only \$76.25 by their rate. Laramie County, Wyoming-- I was a little surprised about Wyoming here. Theirs-- theirs actually is a fairly high tax. They have their-- their sales tax, and then they have some county and-- and fees there. But so we start at \$2,496. We go to \$409, \$219, and \$172, which is comparable to Nebraska. But interesting thing in Colorado is after the sixth year you pay 15 percent and it continues on. We go to St. Louis County, Missouri; you can look at that one. Sales tax, again, is fairly high, but their-- their fees to get the car on the road are \$42.25. And that's what they continue after that, from year to year. Let's look at our neighbors to Iowa. We do the same thing. We have our sales tax, again, high-- about \$330 for the next-- for the first through fifth years, and the tenth year it drops to \$187. And then after their 12th year, it remains a \$50 fee for all of their vehicles. Minnesota-- we always think about Minnesota being a really high tax state. Well, Minnesota-- the sales tax is over \$2,000. Their fees are about \$450-- \$440. So we got a \$200-- \$2,500 to get the car on the line. And then years 3, 5 and 10, you can see how that drops off. Our good friends in

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South Dakota-- they have their sales tax-- they call it an excise tax up there-- and then it's \$72 a vehicle for each year filed subsequently on that. I used to live in Chicago for when I was going to podiatric medical school, and in those days you were charged by how many cylinders your vehicle was. I happened to have a four cylinder vehicle, and I think my fee was \$25 or \$30 at the time to get my car licensed. That's gone up. Of course who wants to be comparing themselves to Chicago, Illinois? But at either rate, their sales tax is pretty high. We used 8-- 8 and a quarter. It actually varies in that-- in Cook County you can go as high as 10 percent if you live in the city, 8 and a quarter and you-- in the far reaches, it's about 7 percent, but they have a fixed fee of \$151 on top of that sales tax. So that just gives you an average of it. I thought it might be fun. We always talk about it-- the state that has the highest registration fee for their vehicles is the state of Florida. They charge a \$250 registration fee, plus you pay your sales tax, and that's a one-time fee. Subsequent years, I think it's about \$30 to-- for your-- for your vehicle, going forward. So I just included those as fun. But let's look at-- let's look at where I'm really getting at. Let's look at this page right here if you've got it. This is kind of a fun Web site called caredge.com. And what I had Matthu do on this is to actual-- these are-- I've taken the depreciation schedule prepared by CarEdge on three vehicles. First of all, it's the Chevy that we were dealing with, the Chevy Impala. And the orange line is Nebraska's schedule on-- on the depreciation schedule. So that shows you the act-- so the actual is the blue line at the [INAUDIBLE]. And you'll see that in about the fourth through the eighth year, we kind of follow kind of where the-- the line should be. But look what happens after about the sixth or seventh year. We're actually dropping our rates down below what the depreciation of that vehicle is. And so that was our Chevy. And I said, well, what's the-- the vehicle that, according to CarEdge, that the automaker that has the-- the least-- the most depreciation, and that's the Chrysler Corporation. And then so that second line is what happens if you own a Chrysler vehicle. And then what's the best car for depreciation that's considered? According to CarEdge, it's Honda. And so I just look-- and so if you look at those, you'll see that that-- that first line we're way off with our present, charging 100 percent on that and then dropping it down from there. And so we drop down rather significantly on-- on-- like on CarEdge. So at either rate, that's what I want to talk with you about today. Now you all got your fiscal note. That's a big fiscal note. So in the spirit of

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working with car dealerships, tear up that fiscal note, because I think we need to work with this. And I worked with Rhonda. We've already brought in an amendment to try to adjust it. I think we need to find-- I'd like to-- so what I would like to work with the committee is I'd like to work to see if we can't get a more fair depreciation schedule for our vehicles. I don't want-- I don't want the counties here. I know that this affects the counties. It affects our schools and that sort of thing. And I-- and I'm not-- if you're going to provide a tax decrease to people, not necessarily that you need to say that, that you need to make it revenue neutral, if we can get the revenue neutral. Actually, I think that if we made a little fairer system, it may not even be revenue neutral, and we could bring that-- that-- those first rates down a little more in line with what we're doing. So at either rate-- so I'm going to ask this committee to-- if we can't work together to see if we can't come up with a better schedule that would lower that tax and make Nebraska a little bit less unfriendly for those people who drive a vehicle; and that involves all of us. And I hope I speak for all of you that-- I think I'm-- am I looking at your eyes? I don't think any of you like paying your vehicle tax, and neither do I. But we need to-- obviously, we need to continue to run the state. This is used as revenue for our counties and so forth. Can we work together? That's what I would like. That's what I'm asking the committee today. And over the period of time, I'd like to be able to work with Rhonda and with the committee, and see if we can't come up with a fairer schedule. And with that, I'd be open to questions.

FRIESEN: Thank you, Senator Hilkemann. Senator Hughes has joined us. Any questions from the committee? Senator Albrecht.

ALBRECHT: Thank you, Chairman Friesen. And thank you, Senator Hilkemann, for bringing this bill. When you talk about that fiscal note, where does-- where does the money go? You've visited with the Department of Motor Vehicles. Where does the-- where does all this money go? Who-- who gets a slice of all this?

HILKEMANN: I think it's 60 percent goes to the counties and 20 percent to the schools, and then it-- it breaks up. The city, get some of it, too.

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ALBRECHT: Has it ever changed over the years? The-- the structure of payment, has it ever increased or decreased in the last 20 years? Is it always the same?

HILKEMANN: You know, I don't know the answer to that question. I'll certainly find that out for you. That's one thing we did not-- I didn't--

ALBRECHT: I mean--

HILKEMANN: --research that. I can't imagine that we-- that we would have decreased it then.

ALBRECHT: Right. Right. But, you know, if we are trying to be a friendly state and there aren't too many ways that we can reduce our taxes. If we want to encourage people to purchase newer vehicles, you know, I mean, I was in the car business for 33 years. It's tough to-- to get people. I just got to write one of those checks, and I'm glad I have a new car so I can get around today. But not everybody can do that. And what-- and I-- I think there's also something. Isn't there an increase in this, like every year? I was looking into bringing a bill similar to this that-- that I think we are raising the rate every single year instead of being flat, like a lot of these states that you're showing us that are just \$32 after the--

HILKEMANN: Well--

ALBRECHT: --first year.

HILKEMANN: Senator, if you look on the very first page here, this is our -- I-- I didn't point that out. That's our schedule. We charge 100 percent of MSRP,--

ALBRECHT: Right.

HILKEMANN: --and then we reduce it down through the-- through years 12 and 13 we put it at one level, and then 14 and older we go to another level.

ALBRECHT: Um-hum.

HILKEMANN: So we actually-- we do reduce it.

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ALBRECHT: Um-hum.

HILKEMANN: My-- particularly at the very top, I think we're way too high, and probably at the bottom, we need to bring that back into a little bit more realistic if we're going to continue. I mean, obviously, I'd love to see the tax go away.

ALBRECHT: Oh, that would be nice.

HILKEMANN: But that's not going to happen.

ALBRECHT: Um-hum. I appreciate--

HILKEMANN: But I would but I'd like to make-- I'd like to make the tax-- I'd like to see if we cannot lower it or at least make it more fair.

ALBRECHT: I appreciate the bill.

HILKEMANN: I think-- I think having over a million vehicles licensed in the state paying zero--

ALBRECHT: Um-hum.

HILKEMANN: I have-- I have a little concern about that.

ALBRECHT: Thank you.

FRIESEN: Thank you, Senator Albrecht. Any other questions from the committee? Senator DeBoer.

DeBOER: I just have a question about the-- the way you did your numbers.

HILKEMANN: OK.

DeBOER: And when you were considering other states, I know when I lived in New York, I had to go and get my car inspected yearly, and there was like an \$88 inspection fee. Did you include those kinds of fees as well?

HILKEMANN: I believe we have one of the-- I-- can-- may I ask? Matthu, we had one of the states that has an inspection fee, Am I right?

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MATTHU BECK: Yeah, and I can't think of which one it is, off the top
of my head [INAUDIBLE].

HILKEMANN: Yeah. One of those states-- I think we've got it on there.

DeBOER: OK.

HILKEMANN: Senator DeBoer, I think one of the states does require an
inspection. I tried to have Matthu go through it. I went through it,
too, to make sure we got-- we weren't trying to--

DeBOER: Yep.

HILKEMANN: --to load the data. We were trying to find, you know, what
it is. But yeah, you're right.

DeBOER: Thank you. I just wanted to be able to compare apples to
apples. Thank you.

HILKEMANN: Right, right. You know, and that's the hard thing, Senator,
because, for example, one calls it an excise tax, another one calls it
this. So we're trying to-- I just said-- I said to Matthu, I said,
take the Chevy, I want you to license it in this county and what's it
going to cost? And that's what we did.

DeBOER: OK, thank you.

FRIESEN: Thank you, Senator DeBoer. Senator Moser.

MOSER: Do you know, Senator, how taxes are assessed on used vehicles?
Do they still use the same formula?

HILKEMANN: They use the same formula. That's correct.

MOSER: So you might pay more or less than what the value is, according
to tax.

HILKEMANN: The MS-- they use the MSRP for that particular vehicle. So
if you bought a car that's four years old, they go to the schedule--
four years-- and then-- and then, of course, you pay the sales tax,
plus you pay it at the four-year period of time.

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MOSER: Do the car dealers-- I don't know if this is a question for you or for somebody else-- but do they pay property tax on all the cars in their inventory?

HILKEMANN: You know, I don't know. I--I-- I see Loy Todd is here, and maybe that would be a question. I don't know that question. I-- I-- 'cause again I say I didn't bring this for the dealers. I just brought it for the people in the blue jean-- as Senator Groene calls them, the blue jeans people of the state of Nebraska.

MOSER: So you're saying that the depreciation is more than what our tax schedule shows on the early years, and it's less in the out years.

HILKEMANN: We charge higher than what the actual-- the real depreciation on a vehicle--

MOSER: Is more--

HILKEMANN: --is 20 - 25 percent, and we're only taking 10 percent off that for even the first year.

MOSER: So it would-- your system would favor people who own newer cars? Your bill.

HILKEMANN: Yes, it would, because we would be putting-- it would [INAUDIBLE] that the older cars would be-- would be being brought up a little bit. That's correct, yes. Yeah. It would-- I think, and maybe I should talk to-- again, I don't know whether he's planning-- I see he's in the room. If he's-- he may be able to answer that. But I could think that if we-- if we brought that, that--that it-- it's-- you know, when you-- when you fall in love with the vehicle, you don't even think about how much it's going to cost you to license the thing. You just-- can I get it out the door, and can I make the payment plan? But as far as I'm concerned, that's still not-- I-- I think it's-- if the tax is too high, we need to look at it. We certainly haven't looked at it in the six years that I've been here. And so that's why I'm bringing this bill.

MOSER: Yeah, sometimes the pocketbook overrules the love.

HILKEMANN: Well, that's right, you know, and it's a very real thing. Yeah.

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MOSER: Thank you.

HILKEMANN: You bet.

FRIESEN: Thank you, Senator Moser. Anybody else have some questions from the committee? So if I-- if I understood you correctly, what you would probably like to do is, if you make this revenue neutral, if you would take and adjust the top, add some to the bottom to where we charge all vehicles. And in the end, it'll have no fiscal note, so to speak? Is that--

HILKEMANN: That's exactly right. I would hope we would have-- or-- or certainly not one that we're looking at today. And-- and so that's what I would like to do. Yes, sir.

FRIESEN: OK. Seeing that there are no other questions, thank you. And if you're going to stick around for closing,--

HILKEMANN: I'll be here.

FRIESEN: OK. We have proponents who wish to testify in support of LB82. I think earlier I forgot to mention our pages, Turner and Mason. So we appreciate having them here. Welcome, Mr. Todd.

LOY TODD: Senator Friesen, members of the committee, my name is Loy Todd; that's L-o-y T-o-d-d. I'm the president and legal counsel for the Nebraska New Car and Truck Dealers Association. We're going to testify in favor of LB82. As the senator pointed out, it is not our bill. I was as surprised as everybody else to see it. Our role in motor vehicle taxes has historically been to prevent increases, not to come in and-- and we don't pay them; the public pays them. Our role has always been to keep them from creeping up, because there's a lot of good ideas out there that people want to fund with motor vehicles, and we have to be involved in that quite a bit of the time. Our surveys also show what the senator has indicated, and that is we're about the fourth highest motor vehicle taxes in the country. And it's very tough to figure because the last time I did it was probably 15 years ago. But what we did is take any particular vehicle, titled and registered in the capital city of each state. But it-- it just varied dramatically. But I think about the most favorable thing I've ever seen in the seven highest in the nation. And the thing about this tax is it's a property tax. OK? It's-- it's called motor vehicle tax, but

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it's a property tax. It's always been a property tax. And that's why the distribution goes the way it goes. If you-- in my handout there, it shows you how much that raises and where-- where it goes. Our-- I was as surprised as anyone with that fiscal note. When I saw \$60 million, wow. And-- and when you decide how to testify on these things, you've really got to make the decision. And when I saw there's going to be a \$60 million hit, somebody's got to pay for the schools, and the roads, and the and the cities, and counties. So we probably would have, you know-- well, I'd like to see some other solution, too, quite frankly. But when you've got to go on record as being either neutral or in favor or opposed to reducing the price on your 200-plus members' vehicles, you're going to testify in favor. And so that's why I'm doing this. This particular tax-- historically, here's where it came from. It used to be a property tax, and the way it was computed was, there were-- there were employees within the Department of Revenue that sat down and made a schedule every year. And they tried to figure out depreciation and values on motor vehicles. And they would come out with a schedule each year. It was unconstitutional to do it that way. And we, for years, went in and testified in front of the-- usually the Revenue Committee to say, this is not constitutional. And the reason for it is that, if you think about a property tax based on value, two different vehicles are going to have hugely different values. But when you have one price fits all, 1960 Yugo, one could have been put up on blocks and pristine, the other could have been driven 200,000 miles-- well, you couldn't drive a Yugo 200,000 miles. But if you could, it would have a significantly different value. So what you have there is a-- is a system that did an average tax. Well, that would be the equivalent of going to your neighborhood or your ZIP Code and say the average house in this ZIP Code is \$200,000. One's \$2 million, one's \$76,000, so we're going to tax them all at \$200,000. And it was illegal; it was unconstitutional. Finally, the Legislature shifted to the current motor vehicle fee schedule. And we copied Illinois when we did it. And so the way it worked was you had to start with some number, and that-- and-- you wanted categories on these because they still wanted to be somewhat progressive. So what you ended up with is a schedule that started with-- you needed a number. MSRP is-- was laying there as an obvious target because-- let me tell you what MSRP is. Every manufacturer of a motor vehicle in the nation is required to set an MSRP; it's manufacturer's suggested retail price. Now the reason for that is so you can do comparison shopping, so that if you go to-- you go to six

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dealerships and you're starting with a number, you start with MSRP, and then you can-- you can compare how much you can take off of MSRP in that competition. And it's the same in Iowa, the same in Nebraska, the same in New York City. You start with a number; it's just a number. Back then, I suppose if we'd have been smarter, we would have come up with categories that were like platinum, gold, silver, copper, because that MSRP designation in that schedule designates where that vehicle fits. Is it a luxury vehicle? Is it a-- is it-- is it-- is it very expensive to start with? And then it keeps that status going down through. And so it was never really an attempt to identify the actual value of that particular vehicle; it was just to put it in a category. And so that's what they did. That's how we ended up with what we've got . Now-- and it's certainly-- the senator points out it's so accurate. So when you see a vehicle-- and it always surprises me that people aren't just up in arms, because when you see an advertisement that says \$15,000 below MSRP, in-- in my mind, 'cause-- 'cause I'm familiar with it, I'm going wow-- and nobody's saying, wait a minute, this is taxed at a rate that is \$15,000 thousand dollars higher than the sales tax value that we used on it? So I mean, this thing's elusive. And you know, I would like to-- selfishly, I would like to see a system where we came up with an average, because he's right. There are over a million vehicles that pay zero as a motor vehicle tax, which is the property tax. And if you look at the schedules there, you can see where that money goes. And it's the schools. It's-- it's lots of places. It follows the property tax distribution formula. TEEOSA is a big winner there, which is why it's always surprised me that schools weren't in here helping me when I'm trying to fight increases in motor vehicle taxes. When people are demonizing the trade-in allowance on motor vehicle because-- because it's an exemption and exemptions are supposed to be so horrible, and I'm in here fighting like crazy, I can't believe the schools aren't here with me; but they're not. And so when you-- if you think about those kinds of things, the notion of increasing taxes on motor vehicles through any kind of formula is very disturbing to us. 'Cause you want-- if you want to discourage something, tax it. And you know, the state of Nebraska is in the motor vehicle business with us. My dealer hopes to make 2 or 3 percent when they sell that vehicle. The state of Nebraska picks up somewhere between 11 and 13 percent in cash within 30 days of that purchase on that sale of a motor vehicle. You're in the business with us, we-- we want you in the business with us. But we-- we would really like to-- to see some kind of improvement in the taxation of

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motor vehicles just so we can sell them, because you're going either pay taxes or you're going to pay for the vehicle. We'd rather have you paying for the vehicle. And-- and so to the extent that this could be the vehicle to-- no pun intended-- but to improve that, we'd really appreciate it. Thank you.

FRIESEN: Thank-- thank you, Mr. Todd. Senator DeBoer.

DeBOER: Do you have any ideas then on how one would-- would develop a system that would distinguish between a perfectly restored '57 Chevy and a-- I don't know-- the last remaining unexploded Pinto on the street?

LOY TODD: I can't think of anything that would work because there are just too many. It's-- it's a-- it's a system where, you know-- think about the property tax system on-- on real estate.

DeBOER: Right.

LOY TODD: You-- the methodology is that the assessor is out there, going after and-- and-- and appraising each one, not-- not every year, but-- and you'd almost have to have the same thing with motor vehicles. I-- I just don't know how you would-- you could accomplish that-- self reporting, I suppose. Then you'd never get it done. So I-- I think the system we have is workable. I'd like to see an average. What's the average car pay? You know what? And they do that every year. 'Cause--

DeBOER: Could you use--

LOY TODD: --everybody uses the same roads. Everybody uses the-- the same law enforcement. Everybody uses the same court system. Everybody uses the same schools. I mean, it--

DeBOER: Would something like a Blue Book value be useful, or is that too far off?

LOY TODD: The Blue Book value is pretty elusive. There is-- there-- there are multiple books. And from that standpoint, it-- it-- it could be utilized. I think the state of Nebraska actually has a statute-- or did at one time-- that made the NADA, the National Auto Dealers Association Blue Book-- it's called Blue Book, but it's not blue-- an official document that could be used in court proceedings, those kinds

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of things. But there are multiple books out there and they vary considerably. But you could-- one thing you don't want to do is too much delegation of legislative authority. At the point where you start turning the-- those things over to someone else, you get into some complicated legal issues.

DeBOER: No, I get that. All right. Thank you.

FRIESEN: Thank you, Senator DeBoer. Senator Moser.

MOSER: Do car dealers pay property tax on vehicles in their inventory?

LOY TODD: Nobody pays an inventory tax anymore. There was a time when there was an inventory tax and it was horrible, really a bad idea. It's-- it's-- an input. I remember-- not-- certainly not involved in the industry at that time, but I remember how it used to be back when you had an [INAUDIBLE] and-- or-- and personal property taxes. People had to report if you owned a shotgun, if you owned-- if your family owned a mink coat, if you had-- you had to fill out a schedule and you paid taxes based on it. I think in the county I grew up in, there were two shotguns in the whole county on the self-reporting system. But inventories had to be taxed also, and so car dealers were then hiding their inventory. It would come to the first of the year when you had the value them and you had to report values, they would take them to Iowa and leave them in Iowa over the-- till midnight on the taxing day, and then bring them back to Nebraska. And they even hid vehicles. They'd-- they'd rent buildings in the county fairgrounds and put their vehicles there so-- so the assessor couldn't see them. I mean, it was just-- it was the--

MOSER: Well--

LOY TODD: --worst system in the world.

MOSER: Then-- I think that's a sufficient answer, I guess. It satisfies my curiosity. On the curves that Senator Hilkemann showed us here, the Nebraska values are higher than what the actual values are on newer cars. And then when you get out into the outer years, the taxable value is less than what the actual value is. So if that was corrected, if you kind of flattened out that-- took some of those inflection points out of this graph to make them match more closely, would that help new car sales?

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LOY TODD: Yeah, as representing only new car dealers-- I mean, we sell both-- but yeah, anything that anything that would reduce that initial blow, because it's quite high in those first few years, would be very helpful, and it would-- it would help sales. It-- it would help the bottom line quite a bit, but-- because people are going to spend their money on the-- on that purchase, the money that isn't spent on taxes can be spent on-- on the vehicle, on options, on other things.

MOSER: Yeah. So the tax you pay on a car that's two or three years old would be less than-- the tax that it's assessed would be based on a value that's less than what you-- no, it'd be-- it would be assessed at less than what the actual state value is. Well, it's an interesting-- thank you.

FRIESEN: Thank you, Senator Moser. Senator Geist.

GEIST: Thank you for your testimony. And I guess I have to shamefully admit, I did not know that taxes are based on MSRP. So is it silly to think-- could you base that tax on what you actually pay? Or is that too variable?

LOY TODD: I-- you'd have to track that for the life of the vehicle.

GEIST: Um-hum.

LOY TODD: And it would-- you-- I guess it's possible in theory. But what do you do with vehicles that were sold in another state initially or whatever? I mean, the thing to remember about this schedule is it's a schedule.

GEIST: Um-hum.

LOY TODD: And that is, it starts by placing these vehicles in the category regardless of the purchase price. It's just an attempt to properly categorize them--

GEIST: Um-hum.

LOY TODD: --so that a luxury vehicle, a real high-end vehicle, goes in the top category, and then something that's more modest goes in the next category, and then on down until you-- you've used up all those categories and identified them. And then they stay designated that way. And because MSRP is a national--

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GEIST: Um-hum, standard, it's a--

LOY TODD: --number. And-- and it's retrievable because it's-- that
vehicle will always have it. Based on that VIN number, it's always got
that assigned MSRP.

GEIST: So it's not-- I mean, it's a property tax, but not really,
'cause our property tax in our home is based on the value of our home,
and that's established when you purchase it. And so if this were--
followed the same sort of ideology, it could-- I don't know, it just
seems to me that that would fall in line with other property taxes we
pay.

LOY TODD: And I need to say one thing, and that is that the reason
it's set up like it is, with the depreciating schedule, is so that it
does, under federal tax law, comply with being a property tax, which
is then deductible.

GEIST: OK.

LOY TODD: Because at the time when we converted from the old system to
the new,--

GEIST: Right.

LOY TODD: --one of the goals and one of the things we copied from
Illinois was the fact that you could still deduct that tax--

GEIST: Right.

LOY TODD: --from your federal taxes because it was, in fact, a
depreciating--

GEIST: True.

LOY TODD: --and property tax by definition.

GEIST: Yeah. OK, thank you.

FRIESEN: Thank you, Senator Geist. Senator Bostelman.

BOSTELMAN: Thank you, Chairman Friesen. Thank you for being here, Mr.
Todd. A couple questions. One on the second page of your handout-- you
may or may not-- I just-- clarification-- I may-- may not on-- on--

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there's-- when you go down to the third group, there's \$1.50 in
additional fees collected-- paragraph on top of Page 2.

LOY TODD: Yes.

BOSTELMAN: If you go down, there's a \$1.50 for State Recreation Road
Fund. Do you know what that is? And is that just on trailers, RVs,
campers-type things? Do you know?

LOY TODD: No, that-- that is on all vehicles. And it was one of those
things that-- that we fight all the time 'cause we have to come in and
say, 'cause somebody who wants a million dollars for something or \$3
million says there's 3 million cars out there. If we put a dollar on
every one, we've got \$3 million. And so-- but since this was roads,
that's probably why it was successful in getting on there--
recreational roads, but it's just--

BOSTELMAN: That's kind of interesting. Roads gets more than one piece
of the pie, if you will-- more than one bite, if you will. So I was
just kind of curious. Another question I have is-- and I think what
Senator Geist was alluding to-- so when I purchase a new vehicle or if
I purchase a used vehicle from a-- from a dealer, I take that-- my
purchase, my documents and stuff, and go to my local-- wherever I'm
going to title-- license my vehicle. And my taxes are determined at
that point or at the dealership? And the reason why-- I'm sorry, I'll
interrupt-- and the reason why I'm asking is-- is now we have a point
of sale and we have a value. Instead of an MSRP, we actually have a
value on a vehicle. And a tax based on the value of the vehicle then
or a registration on the value of a vehicle, versus the MSRP, would
get more along the line of what Senator Geist was saying, that as I
pay for the value of tax on my home, in a sense, I'm paying for the
actual tax or registration on-- actually on the value of the vehicle
and over years. At least it establishes your starting point instead of
an average, which may be high or low.

LOY TODD: Sure. Well, the way it works-- actually, at the dealership,
they-- they give you your contracts and everything. And then they are
required by law to give you a Form 6, which designates what the-- what
the price of the vehicle was, the actual sale price of the vehicle
was, and an estimate of your taxes, those kinds of things. You then go
to the courthouse where-- and that's the official calculation. And
that's-- that's where it's really determined. So the dealer does the

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best job they can and then-- in giving you that, and then they send that to the county and to the State Department of Revenue so that there are the checks and it can be verified, so that people can't game the system by-- by coming in and altering that. So there is that opportunity. And remember, it's a different world on vehicles that are purchased in Nebraska from a Nebraska dealer versus a private party sale versus a sale, especially nowadays-- Internet or from another state. And so there's no way to track those. The one figure that is available to the DMV is that MSRP, because they can get that by the VIN number of the vehicle and know what the MSRP was on it. And that's why it's sort of the default cure.

BOSTELMAN: Sure, unless a person is required to provide a bill of sale. Then that'd be a different story.

LOY TODD: Yep.

BOSTELMAN: And another question for you. And memory seems to-- I don't remember exactly how this applied, but I remember a few years ago we were-- there was a bill that dealt with mass registration of vehicles from out-of-state Nebraska because we were at a lower rate. Could you remind me what that was about?

LOY TODD: That was the inspection law. We have an inspection law in Nebraska that checks for stolen vehicles. It compares them with the National Crime computer and also salvage titles. That's basically what our our system of inspections does. And-- and what was happening, because it-- not just because it's-- it was less expensive in Nebraska, but also because we do things better here. There are local-- we have local registration titling, so the local sheriffs up there-- there were people who had the time to do that. And so those vehicles were being-- the paperwork was being shipped to Nebraska to have that inspection done, in particular, counties that had the capability of doing it. And so those folks from other states were getting their vehicles inspected and trying to-- and do titling through Nebraska. And that's-- that's what that was about. It wasn't any kind of tax avoidance or anything in that regard. It was simply taking advantage of our efficiencies in Nebraska.

BOSTELMAN: And that was for-- not necessarily individuals, but that was more for-- was it auction houses or others that were doing that?

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LOY TODD: There were some large and, I think, mostly Internet-type dealers and also some-- in areas where they were high volume.

BOSTELMAN: All right. Thank you.

FRIESEN: Thank you, Senator Bostelman. Any other questions? Senator Albrecht.

ALBRECHT: Thank you, Chairman Friesen. And thanks for being here to help us understand this. You know, when you go to your first page under motor vehicle tax and you-- the second to the last sentence, I guess, says that this figure is set by the manufacturer and can never be changed. Are there any states that are going off of something other than the MSRP when they tax somebody on a new vehicle?

LOY TODD: Oh, yes, that's one of the real difficulties with accomplishing what the senator did. It's every state and where he talked about-- there-- there are states that use horsepower. There are states that use efficiencies. There are-- just you-- you name it, it's out there. And everybody seems to like theirs. We-- we tried to study a lot of places, like is there somebody we could follow to make it better? The only thing we could think of was to find the cheapest one. But that didn't--

ALBRECHT: Well, I guess I look at it like if you trade, you know, like we trade often because of the miles that add up driving all over the state. But when you have a trade difference and you've already paid that major lump sum, and two years later or three years later, you trade again, you know, I mean, there's no-- there's no incentive for people to be able to trade more often. That's usually why people keep their vehicles, because they do have a better service. You know, like the warranties are good. Generally speaking, you put a set of tires on it, you change in the oil, and you're off to the races. But for people who want to trade more often for reliability or whatever, I mean, I feel like there's got to be a formula out there that we can figure what we can do to help people better manage to this, because this is not an inviting thing for somebody to want to come to Nebraska when they look at our taxes. You know, we can-- we can have all these incentives we want to bring companies here but, once they get here and start having to write the checks that we're requiring, you know, it's-- it's very difficult. So I mean, I'd like to look into this more and find out. When you look at the changes that were made, do you

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think they're significant enough in this bill? Or can you see-- have--
I mean, you've been able to look at this over the years. Do you see
that it would have to be a major change in that MSRP figure to make it
any significant change to the people who have to pay those taxes?

LOY TODD: Well, to the extent that's an identifiable number--

ALBRECHT: Um-hum.

LOY TODD: --and one that can be tracked for every vehicle by every
state, I mean, it's pretty handy, and it seems compelling to me that,
if I were on the taxing side of all of this, it would be hard to get
away from that. Now you could certainly-- you could certainly adjust
these schedules to be more realistic, 'cause I think that's one
reflection here. It isn't really realistic, as far as chasing average
values. Your average first year depreciation is enormous compared to
your last year depreciation on the schedule. So I mean, I think there
could be a lot of adjustments made to make it more realistic, if
that's what you are chasing, whatever you use to--

ALBRECHT: Thank you.

LOY TODD: Or you could just do an average. If you wanted to really-- I
think South Dakota is headed that direction. Every car pays this much.

ALBRECHT: Um-hum, um-hum. Thanks.

FRIESEN: Thank you, Senator Albrecht. Any the other questions from the
committee? I noticed in here that you had the wheel tax total or-- so
if we adjust our property tax portion down, do you feel cities will
just raise their wheel tax to make up that difference? There won't be
a tax increase, really, but there just won't be a tax decrease.

LOY TODD: I would anticipate there would be a lot of pressure on local
governments to match any decrease with some revenue enhancement, but
that's--

FRIESEN: But I mean, some of these taxes that we talked about or high
cost of owning a car is imposed by cities, the way it looks to me. But
a wheel tax was \$370? You know, there's \$41 million of taxes right
there. Seeing no further questions, thank you, Mr. Todd, for
testifying.

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LOY TODD: Thank you.

FRIESEN: Any other proponents wish to testify? Seeing none, we will
have opponents who wish to testify. Welcome.

JON CANNON: Good morning, Chairman Friesen and [INAUDIBLE] members of
the Transportation and Telecommunications Committee. My name is Jon
Cannon, J-o-n C-a-n-n-o-n. I am the deputy director of the Nebraska
Association of County Officials, otherwise known as NACO, here to
testify today in opposition to LB82. First, I want to thank Senator
Hilkemann for bringing this. This is an important conversation that I
think we need to have from time to time. And really, it-- it could
have been a flip of a coin as to NACO showing up neutral, in
opposition, or even as a proponent, because I-- I think we're all
looking at this from the same-- the same perspective. And anyway, I
think we all want to try and get to the same place of a fair tax
structure, which is [INAUDIBLE] but, at the same time, something
that's also providing the necessary revenues for cities, counties,
schools, you know, those political subdivisions in the state that--
that do rely on this revenue stream. For what it's worth, I-- I just
bought a car myself last October. I would have love for this bill to
have passed prior to buying it. But while I did love the car that I
had purchased, I loved it in April, and I knew what I was going to
have to pay in motor vehicle taxes. And I saved up, and I-- I
purchased-- actually purchased in October, six months later because I
understood that there was a cost that I was going to have to pay. Now
I'm a tax nerd that probably factors into the fact that I actually,
you know, looked at how much I was going to have to pay for that and
and did, in fact, wait. And also, my wife told me I had to so that--
that probably had more to do with it than anything. But the point is,
we were happy to have a conversation about revenue policy or tax
policy and what is the right tax, what are the amounts of services
that we expect when we're paying a tax and how does that all relate.
And certainly what Senator Hilkemann is getting at, which is, you
know, the folks that are in their first several years, they're paying
an awful lot. I would tend to agree. I know that for a fact. And the
folks that are in the last several years, they're not paying very much
at all. That is also a fact. That's very, very true. To the extent
that we can have some more equity for the sort of service that every
car driver in Nebraska is receiving, that makes a lot of sense to me.
And I-- I get that-- I get that impetus. The thing-- the reason that
we're here is, as you know, counties tend to be a little bit allergic

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to any loss of revenue. And in-- in this fiscal note, you've seen exactly how much that is; it's going to be significant to us. And a lot of the testimony so far that we've had has centered around this is a property tax or it's sort of like a property tax. And in fact, this replaced the property tax. And as Mr. Todd very ably represented, it was designed to look like a property tax for federal income tax purposes, but it was designed to replace the property tax. And, you know, as a lot of you probably remember, there was a time when you had to take that schedule down. You took it to your treasurer and you found out how much you got to pay in tax, because that was a personal property tax. And for all the reasons that Mr. Todd had mentioned, we said, well, there are some problems here that make it a little-- a little bit icky for us. And-- and so we went to a motor vehicle tax, one that was designed to be-- have a schedule based on MSRP, these-- these very objective standards that we could latch on to and say, here's what the basis for the tax is going to be. And when we did that, we recognized that there was going to be a loss in personal property tax to counties, cities, schools, other political subdivisions. And we said we need to make sure that we're going to make those political subdivisions whole. And that was what got worked out back in, I think, 2005. The early 2000s is when we made this switch. And it's for that reason then that any time that we talk about reducing this, it is a reduction of those-- what was intended to replace the property tax from way back in the day. And so from our perspective, any time that you reduce this-- this, you know, fairly significant but-- but also smaller revenue stream, it is necessarily going to lead to an increase in property taxes because there really is nowhere else for counties to go to, as far as any kind of meaningful revenue stream that we might have. Again, you know, I'd like to thank Senator Hilkeemann for bringing this. We'd love to work with him on finding something that's going to be equitable and provide the necessary revenue source for our political subdivisions and, at the same time, making sure that everyone is paying their fair share. And with that, I'd be happy to take any questions you might have.

FRIESEN: Thank you, Mr. Cannon. Any questions from the committee? So when you-- when a-- when a car is sold, you pay sales tax on the actual purchase price, right?

JON CANNON: Yes, sir.

FRIESEN: But the sales tax is based on the MSRP.

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JON CANNON: The sales--

FRIESEN: Or the property tax.

JON CANNON: The sales tax should-- I thought that was-- and-- and I'm not familiar with the sales tax side enough. So I-- I'll-- and I want to answer that badly, but I-- I just-- I should probably not.

FRIESEN: Well, I figured maybe since you bought a new car, you know, you have to fill out that sales sheet, and that comes from the dealer. But I was under the assumption you were paying sales tax on the actual purchase price, but the property taxes were levied based on the MSRP. Correct?

JON CANNON: Yes. Yeah. And-- and I would-- that was-- that was my understanding as well, sir.

FRIESEN: OK. Does the county, any counties have a wheel tax?

JON CANNON: I don't think so. That's-- that's-- I'll look into that and get back to you on that, sir.

FRIESEN: OK. Seeing no further questions, thank you. Senator Moser has a question.

MOSER: Just a quick one. If the out years, the older cars were charged some minimum, would NACO oppose that, if it actually increased revenue instead of reduced revenue?

JON CANNON: And you know, frankly, from our perspective, Senator Moser, we're not looking to, you know, increase revenue necessarily. We-- we just want to make sure that the proper amount of revenue is raised. And so if we had something that ended up being revenue neutral, where everyone was paying their fair share, which is kind of, you know, one of the fundamental underpinnings of the property tax, you know, I-- I think that, to the extent that we weren't having to replace lost revenue with raising the levy for the property tax, I think that's what we probably would be interested in doing.

MOSER: OK, thank you.

JON CANNON: Yes, sir. Thank you.

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FRIESEN: Thank you, Senator Moser. Seeing no other questions, thank you for your testimony.

JON CANNON: Thank you very much.

FRIESEN: Are there other opponents who wish to testify? I think one of our pages is going to have to get paid extra; he's working overtime. Welcome.

JACK CHELOHA: Good morning, Senator Friesen and members of the committee. My name is Jack Cheloha. That's spelled J-a-c-k; last name is C-h-e-l-o-h-a. I'm the registered lobbyist for the city of Omaha, and I would like to testify in opposition to LB82 this morning. When-- when we first saw the bill come out, obviously, you do your due diligence. I sent it to our finance department at the city and they looked at it. And based upon the proposal, it looked like there would be a loss of \$1.5 million annually to the city of Omaha off of this revenue source, and that's a significant dollar amount. And so because of that, we decided that we should oppose the bill. It's roughly a 10 percent decrease for us. And I did speak with Senator Hilkemann's office. And everything that he testified about, I understand his motivation, and we're sympathetic to that and his position on it. We're also hopeful, by his statement that he'd like to somehow make this revenue neutral, because every time you make an adjustment on one part of the city's budget, it moves other pieces. And those other pieces could be your general property tax rate, it could be-- it can't-- it can't be your sales tax rate because that's set by state law. Omaha's rate is 1.5 percent. We do have a wheel tax on motor vehicles, also, to help pay for road improvements. But yet at the same time, we've had studies in the metro area that we have roughly needs, based on population and age of our system, of anywhere between \$500 million to \$1 billion dollars in repairs. And-- and to pay for that, under the current thing, it would take 50 years. And because of that, you know, we've made modifications. We've raised our wheel tax on our residents to help pay for these things. Additionally, we've recently let some street and highway bonds where we're trying to pick up our pace on street and road improvements, etcetera. So as-- as other witnesses have told you regarding this, I think-- I think citizens appreciate the fact that this is still considered a property tax because you are able to calculate that and also have a deduction on your federal income tax if it is a property tax. So that's-- that was important to keep that. I remember when-- when the chancellor of UNK,

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Doug Kristensen, was a state senator, he had a bill, you know, to modify this. It seems like the-- to me, that was the last time we did any meaningful change on the system. Then his bill, in particular, was called the clunker tax, because I think the goal back then was to try and reduce the amount that was paid by the older vehicles. And since then, as-- as time goes along, the federal government, if you remember, instituted a program to help the environment where they would buy back clunkers. So-- so we tried to get some of those off the road. But in the meantime, as every year clicks by on the calendar, cars become older. They get more out and we have clunkers again. So that's--that's kind of the history there. In terms of the split of this fund, 60 percent of it does go to the schools and then 40 percent is divided among cities and counties. And as was testified by Mr. Cannon, it was a replacement for, you know, personal property taxes. And so this revenue has been there for a long time. And like I said, if you-- if you change one part of your budget, it moves another part. And just because of the fact that the way LB82 is drafted now, we do lose \$1.5 million. We're opposed, but we would be willing to work with Senator Hillkemann and this committee to see if we could come up with a more fair system to the motor vehicle owners of our state. So thank you very much., and I'll try to answer any questions.

FRIESEN: Thank you, Mr. Cheloha. Any questions from the committee?
Seeing none,--

JACK CHELOHA: Thank you.

FRIESEN: --thank you for your testimony. Are there any other opponents who wish to testify? Seeing none, anyone wish to testify in a neutral capacity? Seeing none, Senator Hilkemann can come up and close. We do have a letter of support from the Nebraska Co-op Council, the Platte Institute. We have letters of opposition from the Nebraska League of Municipalities and the city of Lincoln.

HILKEMANN: Well, thank you for this discussion this morning. It's been good. Let me just kind of go down and answer some of those questions. Senator Geist, I'm going to address your question, when you asked about the MSRP. So if on the way home today, you went and stopped at a Ford dealership and you bought a Ford F-150, and it had an MSRP of \$65,000, and the dealer says we're going to make you a good deal of \$50,000 dollars, you'd pay sales tax on \$50,000.

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GEIST: Um-hum.

HILKEMANN: But your-- your motor vehicle tax would be based on \$65,000. Now I don't know the exact difference of that schedule. It would probably be \$300 or \$400, so you're paying \$300 or \$400 taxes on phantom value.

GEIST: Um-hum.

HILKEMANN: So that's-- that's-- that's-- I wanted to address that one.

GEIST: Thank you, yeah.

HILKEMANN: Senator Bostelman, you talked about the used car. I'm going to tell you an example. I'm driving a 2016 Mercedes, and I bought that car in 2016, as a used vehicle. It had been sold in 2015; that's when it came out early. I paid about \$6,000 to \$7,000 less than if I'd have bought a comparable brand new car that day. But I bought the used car. But when I went to license it, I had to pay MSRP equal to a brand new vehicle. I paid the sales tax at a lower level, but I had to pay the vehicle tax at MSRP. Senator Albrecht, you asked about different ways. There-- there's numerous ways. Some states use weight, some way-- use the horsepower [INAUDIBLE], as Mr. Todd said, some use the number of cylinders that are there. So it-- every state sort of has a different way. Some states don't-- they use the MSRP, but they start at 60 percent rather than at 100 percent of MSRP. So every state does things a little differently. But the interesting thing, it-- they do it that first year, but it falls off after that. We keep doing it year after year after year on that on that particular tax. Senator Moser, you're exactly right. When we-- when you talked about that schedule, we go from about years 4 to 7, we're about pretty much right in line with what the actual depreciation, the real depreciation, as defined. On most vehicles were right there. So we're sort of in it based where I have teeter totter where we-- you-- you know, we're-- we're-- let's see if we can't bring this teeter totter back a little bit more even. Let's-- let's-- let's-- we got over a million cars not being taxed anything. And we probably don't tax our older vehicles maybe at the level we could. But maybe, if we did this teeter totter, we could bring everybody down the hole. That would be a nice thing to do. And I-- and I-- and I think we can do it and still not hurt the counties and still not hurt the schools. So I think that's what I had to say.

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I'd be happy to answer any other questions that were there, and-- and
go from there.

FRIESEN: Thank you, Senator Hilkemann. Senator Geist.

GEIST: Thank you, Senator Hilkemann. I appreciate this conversation.
Would you talk just a little bit-- is it that antique cars that aren't
charged any-- any sale, I mean--

HILKEMANN: That's correct. If it's over 14 years, collected cars are
not charged anything.

GEIST: OK.

HILKEMANN: So you can own a '57 Chevy or-- I don't know. I'm not into
collecting cars. But--

GEIST: Right.

HILKEMANN: --those different vehicles. And you don't pay any tax on
them. You don't -- you do not pay any motor vehicle tax.

GEIST: OK, but they still-- I-- they would have to be licensed every
year if the owner intended to drive them.

HILKEMANN: That's correct.

GEIST: Hmm. Thank you.

HILKEMANN: They have to be licensed, yeah.

GEIST: OK.

FRIESEN: Thank you, Senator Geist. Any other questions from the
committee? Seeing none, thank you, Senator Hilkemann.

HILKEMANN: Thank you.

FRIESEN: That will close the hearing on LB82, and we'll close the
hearing for the day-- or the morning.

FRIESEN: OK, everybody, welcome to this afternoon's Transportation and
Telecommunications Committee hearing. I'll read through a few things.
I'm Curt Friesen, Chair of the committee, from District 34. A few

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procedural things I'll go through. For the safety of our committee members, staff, pages, and the public, we ask those attending our hearings abide by the following procedures. Due to social distancing requirements, seating in the hearing room is limited, and we don't have a big crowd. The bills will be taken up in the order posted outside of the hearing room. And we ask that you just come in during the bill that you want to testify on. We do request that you wear a face covering while in the hearing room. Testifiers may remove their face covering during testimony to assist the committee and the transcribers in clearly hearing and understanding the testimony. Pages will sanitize the front tables and chairs between the testifiers. Public hearings-- we have a capacity-- no problem there. We-- we ask that testifiers please limit or eliminate handouts. We ask that you silence your cell phones and electronic devices. We will be hearing the bills in the order listed on the agenda. Those wishing to testify, just move to those front chairs when we are taking testimony. If you will be testifying, legibly complete one of the green testifier sheets located on the table just inside the entrance. Give the completed testifier sheet to the page when you sit down to testify. Handouts are not required but, if you do have handouts, we need 12 copies. When you begin your testimony, it's very important that you clearly state and spell your first and last name slowly for the record. If you happen to forget, I will ask you to stop and do so. We will use a light system. You have five minutes: four minutes of green; you'll have one minute of yellow; and then the red light will come on, I'd ask you to wrap up your testimony. Those wishing-- not wishing to testify may sign in on a pink sheet by the door to indicate their support or opposition to a bill. With that, my committee legal counsel is Andrew Vinton on my right, and my committee clerk Sally Schultz on my left. And with that, I will let the committee members introduce themselves starting on my right.

HUGHES: Dan Hughes, District 44: ten counties in southwest Nebraska.

BOSTELMAN: Bruce Bostelman, District 23: Saunders, Butler, Colfax Counties.

ALBRECHT: Joni Albrecht, District 17: Wayne, Thurston, and Dakota Counties in northeast Nebraska.

GEIST: Suzanne Geist, District 25, which is the east side of Lincoln in Lancaster County.

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DeBOER: Hi, I'm Wendy DeBoer from District 10, which is all of the
city of Bennington and parts of northwest Omaha.

MOSER: I'm Mike Moser from District 22: Platte County and parts of
Stanton and Colfax Counties.

M. CAVANAUGH: Machaela Cavanaugh, District 6: west-central Omaha,
Douglas County.

FRIESEN: Who are the pages today?

SALLY SCHULTZ: The pages today are Peyton and Samuel-- Peyton and
Samuel.

FRIESEN: The pages today are Peyton and Samuel. We appreciate you guys
for being here and helping us out. So thanks for coming. With that, I
think we'll open the hearing on LB239. Is that who we're doing first?

SALLY SCHULTZ: Yes, here he comes. Oh no, he's last.

FRIESEN: Senator Hilkemann.

GEIST: He's last.

HILKEMANN: [INAUDIBLE] if I came back for an encore?

FRIESEN: It's Hilkemann Day.

HILKEMANN: It doesn't happen very often.

FRIESEN: It's Senator Hilkemann Day at the Legislature.

HILKEMANN: Good afternoon, Chairman Friesen and members of the
committee, I'm Robert Hilkemann, R-o-b-e-r-t H-i-l-k-e-m-a-n-n, and I
represent Legislative District 4. I am here to introduce LB239, which
would update the law relating to the use of wireless communication
devices while operating a motor vehicle. Essentially, we are creating
a hands-free law. You might also-- it's known as handheld ban. These
terms should be used synonymously. Of course, I've been here before to
talk to you about ways that we can improve safety on our roadways,
especially when it comes to people who use cell phones while behind
the wheel. I have listened to the members of this committee and worked
over the interim to find a solution that I feel addresses many of the

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concerns. And while it not-- may not pack the punch I'd like, it will-- to-- to strengthen the law, I do think this bill can make a big difference. Advancements in technology bring us conveniences, sometimes things that we now can't imagine living without. Remember when you first had your first cell phone, all you could do is to make a call-- and those great big things we used to have. As these new technologies come into our world, lawmakers often have to address the challenges that come before them and, of course, find a way to tax them. And even though we spent our morning talking about taxes, I really don't want to bring this to the Revenue Committee. So it wasn't that long ago that the Legislature first adopted a law that prohibited texting while driving. It was 2010. It was overwhelmingly supported by the Transportation Committee and the full body as it moved through the process. Currently in our state, when I am driving, it is lawful for me to hold my phone in my hand, dial a phone number or hold it to my ear to talk. But it's illegal to hold it in my hand while I'm driving and text my wife to tell her I'm on my way home. Is one method safer than another? Previous Legislatures have apparently determined that it is, though our safety experts would likely say there's not a lot of difference. In addition, here's another challenge that we all know exists. If I'm spotted by the Nebraska State Patrol as I'm dialing to tell Julie I'm on my way, how does that trooper know whether I'm calling, dialing or texting? Even though technology brings us things that create new challenges, eventually technology will deliver the solutions, as well. And that brings me to what we're doing with LB239. Our devices and our vehicles have only become more and more sophisticated, making this the time to update our laws on the use of wireless communication devices while driving. No, not all vehicles are equipped with the same technology, and many older vehicles are still on the road. But for phone calls, speaker mode is an option, and phones have headsets, as well. So between Bluetooth, speaker mode, and headphones, there really isn't a need to be holding a phone while you're driving; and it's much, much safer not to be. And since we already outlaw texting while driving, language is included that authorizes a person to use voice mode to dictate a message to be sent. You will see that exceptions for the emergency situations have been included. In the last six months, hands-free legislation like we're proposing has gone into effect in four more states. Indiana, Idaho, Virginia, and South Dakota have joined 22 other states and the District of Columbia in adopting this policy. And it is under consideration and many more. This bill will make our roads safer,

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create consistency in our message about the use of handheld devices while driving, and help our law enforcement by removing the question of whether or not a driver was speaking, dialing, texting or scrolling through Facebook. It's a simple and significant message: Don't hold your phone in your hand when you're behind the wheel. I want to talk briefly about the things that do not change with this bill. There's no change in enforcement; it remains a secondary offense. There is no change in the prohibition on use of a mobile communication device while driving for operators under the age of 18. Those are the provisional operator's permit for a learner's permit. We don't allow young people to use a cell phone while they are driving at all. There's no change to the use of a wireless communication device by a law enforcement officer, a firefighter, an ambulance driver or an emergency medical technician when performing their official duties. I have been asked by representatives from the Nebraska State Volunteer Firefighters Association and the Nebraska Fire Chiefs Association to consider updating the language in 60-6179.01(3)(a), where it references an ambulance driver or an emergency medical technician. I believe there will be testimony that follows, explaining this suggestion, and I would be willing to work with stakeholders and the committee about including this request. I look forward to hearing from anyone here to weigh in on LB239, and I'll be happy to answer any questions you may have.

FRIESEN: Thank you, Senator Hilkemann. Any questions from the committee? Seeing none, any proponents? We'll clear the table yet.

ERIC KOEPPE: Good afternoon, Senator Friesen, members of the Transportation Committee. I'm Eric Koeppe. I'm the president and CEO of the Nebraska chapter of the National Safety Council. It's E-r-i-c K-o-e-p-p-e, and I remembered this time-- so. Senator usually has to remind me. So the Nebraska Chapter of the National Safety Council is a not-for-profit organization whose mission is to provide education and advocacy to reduce injuries and save lives in Nebraska. I'm here today to testify in favor of LB239, and I would like to thank Senator Hilkemann for bringing this important legislation. In 2019, we had 4,400 or 4,500 reported distracted driving crashes. When we compare that to ten years ago, that's about a 30 percent increase during that time. In 2019, there were 19 fatalities, almost 1,500 injuries, and over 3,000 property-damage-only crashes in Nebraska related to distracted driving. But what we find is our current reporting systems do not accurately-- accurately capture the full extent of the problem.

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There is some very interesting research done by Zendrive, and they have published studies each of the last three years. Zendrive is a technology company that analyzes over 100-- they've analyzed over a 180 billion miles of data to improve driver safety. Their tools can detect crashes, predict risk, and improve fuel efficiency. In their 2018 research, they found that 4.5 million people that they studied averaged 1 minute and 52 seconds of phone use each hour. They say if you take out those people that don't have any phone use and you just include the people that are habitual phone users, they found that those drivers use their phone 3 minutes and 40 seconds for every hour they drive. So I did a little simple math-- I'm an accountant. And with that simple math, meaning if I traveled 60 miles an hour, in that hour, in the 60 miles I traveled, I spent 3.66 miles on my phone. Zendrive's 2020 report shows they analyzed about 86,000 crashes from their subset of 100-- hundreds of thousands of collisions, they found that 57 percent of all crashes involve cell phone use, with nearly 17 percent of crashes involving phone use five seconds prior to the impact. I will forward my studies and stuff on to you guys. I brought paper and I realized that we have to do it electronically. Xendrive's research proves that the use of cell phones in our cars is highly distracting and is a much bigger problem. And I think we can all testify to that, that the research has never really shown what we all see with our eyes. LB239 goes a long way towards helping to solve this deadly problem in Nebraska. By passing this hands-free legislation, Nebraska can join 24 other states with hands-free laws. Research studies have shown that drivers in states with handheld bans are less likely to have a fatal crash with a cell phone, Zendrive showing that, of the ten states with the lowest levels of phone use, six have laws limiting phone use while driving. While our organization would prefer this bill to be primary enforcement, we do support this bill. It takes positive step forward in saving lives and reducing injuries on Nebraska's roadways. I encourage you to advance LB239 from committee. Thank you for your consideration.

FRIESEN: Thank you for your testimony. Senator DeBoer.

ERIC KOEPPE: Yes.

DeBOER: I wanted to ask you about those studies you cited from the Zendrive. The 17 percent and the-- you said 58 percent or something like that?

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ERIC KOEPPE: Yeah.

DeBOER: There were those all handheld crashes involving handheld phones or were those just all use? So that could be even if it was over a Bluetooth or--

ERIC KOEPPE: My thought is it's probably all use. Now they do have-- they do use the sensors in the cell phones to distract, to know if it's moving or being manipulated. So I don't think it exactly said in the study. It just talked about phone use.

DeBOER: And are there any other studies other than six of the ten lowest being in states which probably require not handheld? Are there any other studies that would indicate the difference between phone use in general and phone use that is handheld?

ERIC KOEPPE: There are a lot of studies out there that basically-- the thing with-- what we know is with cell phone use, whether I'm talking or texting, there is a cognitive portion to-- to the distraction that my brain is somewhere else. But when you add in the handheld, when I'm holding my phone, there's also a physical nature and a visual nature to the distraction. So I-- I lose my concentration. I'm viewing it here, so I'm not watching the road. So we know that it would decrease the distraction from seeing or holding.

DeBOER: OK, well--

ERIC KOEPPE: There are studies out there. I can find them and forward them on to you.

DeBOER: Yeah, because I've been looking into that, what the actual portion of distraction or accidents is attributable to the "handheldness" and what portion is attributable just to being engaged in a conversation in a space that you're imagining in your head?

ERIC KOEPPE: Yes, certainly we-- I think we all acknowledge that the cognitive portion of the distraction, where our brain is somewhere else, exists any time that I'm using an electronic device in the car. And-- and certainly in a panacea world, we would not have any of that distraction. But this bill does a nice job of removing at least the physical portion and the visual portion of that distraction.

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DeBOER: I mean, this is kind of off the top, so I'll ask it quickly. But I mean, that cognitive portion, I mean, have there been any studies to isolate whether talk radio or, you know, having someone in the back seat of the car talking to them? I mean, it seems that there are many kinds of cognitive distractions. There are also many kinds of people who are operating.

ERIC KOEPPE: Yes.

DeBOER: So-- and this may also apply to the handheld. It seems that there might be a variety of different "giftednesses" with the ability to not have a problem using a handheld device and those who would, right? Just because we all have different--

ERIC KOEPPE: Yeah. So there's a number of studies out there. The University of Utah has done a number that shows that that the mind can't multitask, that there is no real difference, that we can only really do one thing at a time, and specifically related to cell phone use. So there are a number of studies out there. I will say that the-- the cognitive distraction-- and we talk about the passenger in the car with us. One thing that we do talk about with that is, that passenger is also an active participant in watching the road. When-- when-- and how many times, if you've thought about when you've been driving, where you get a little distracted and a person says, oh watch, they're slowing down? So there is some of that. You can have a cognitive distraction whether you're on the cell phone or not. But we know the art of actively engaging in a conversation with someone does have some cognitive distraction. If I'm thinking about talking or if I'm thinking about how I'm going to respond, that's the cognitive part that takes my thought off of-- off of the road.

DeBOER: OK, thank you.

FRIESEN: Thank you, Senator DeBoer. Any other questions from the committee?

ERIC KOEPPE: Thank you.

FRIESEN: Seeing none, thank you for your testimony.

JERRY STILMOCK: Mr. Chair, members of the committee, my name is Jerry Stilmock, J-e-r-r-y S-t-i-l-m-o-c-k, testifying on behalf of my clients, the Nebraska State Volunteer Firefighters Association and the

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Nebraska Fire Chiefs Association, in support of LB239. We support the measure. We believe it's the correct way to go. I noticed old language and I want to bring that to the committee's attention. At page 2, lines 15 and 16, Senator Hilkekmann referenced the items, and I'm going to turn to that page, as well. The reference I'm referring to is-- begins at line 15: An ambulance driver, or an emergency medical technician. An ambulance driver is not a defined item in the statute. I think it would be good to retain because of the next item I'm going to share with you. What-- what is defined in other parts of the statute is an emergency care provider. So emergency care providers are listed and contained in the statute. And for purposes of the record, it's at 38-1206.04 in other portions of the Emergency Medical Practices Act. Retain the word-- words, if you were to advance, "an ambulance driver," and then strike "or an emergency medical technician," because of the simple reason that an emergency medical technician is but one of the several listed and defined type of emergency medical personnel within the-- within the Emergency Practices Act. So if there are five or six others listed in one of those as emergency medical responder, the others listed are emergency medical responder, paramedic, a community paramedic. There are other terms, but yet with only the reference to emergency medical technician, it singularly refers to only one instead of instead of the several. And so for those reasons, we would ask the committee to consider an amendment. Thanks to Senator Hilkekmann for, again, bringing the legislation, and we urge your advancement to General File. Thank you.

FRIESEN: Thank you, Mr. Stilmock. Any questions from the committee?

ALBRECHT: I do have--

FRIESEN: Senator Albrecht.

ALBRECHT: Thank you, Chairman Friesen, and thank you for being here today.

JERRY STILMOCK: Yes.

ALBRECHT: Can you-- when you talk about the volunteers, would you consider an emergency manager of any of these counties, of our 93 counties, to be included in something like this? Because a lot of them do respond to, you know, big fires or accidents or--

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JERRY STILMOCK: Yeah. Senator Albrecht, I think-- the policy reason behind why you ask the question, yes, I think it makes sense to include them. Are they included in the current law? No, because of the listing of personnel, but because of your words and the way you expressed it, it would make sense to me anyway. You asked me, so--

ALBRECHT: I mean, I'm just thinking--

JERRY STILMOCK: I'd like to include it, yes.

ALBRECHT: --about the emergency managers in my district. They are very active.

JERRY STILMOCK: Well, yeah. Yeah, so you have to think of the types--

ALBRECHT: --for the eight-hour shift.

JERRY STILMOCK: --of calls that they're going on-- if it's tornado, if it's a flood,--

ALBRECHT: Yeah.

JERRY STILMOCK: --those men and ladies are scooting, and they are responding to public emergencies or emergencies, rather, to protect the public.

ALBRECHT: And they seem to have multiple phones, you know, whether it's for work or whatever.

JERRY STILMOCK: One is simply not enough.

ALBRECHT: Yeah, yeah. Good. OK, thank you.

JERRY STILMOCK: Thank you.

FRIESEN: Thank you, Senator Abrecht. Any the other questions from the committee? Seeing none, thank you for your testimony.

JERRY STILMOCK: Very well. Thank you, Senators.

FRIESEN: Welcome.

ROBERT BELL: Thank you, Chairman Friesen and members of the Transportation Telecommunications Committee. My name is Robert M.

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Bell. I am the executive director and registered lobbyist for the Nebraska Insurance Federation, and I appreciate the opportunity to testify in support of LB239. The Nebraska Insurance Federation is the primary state trade association of insurers domiciled in, or with a significant economic presence in Nebraska. Currently, the federation consists of 29 companies and 8 associate members. Members write all lines of insurance. One of the goals of the federation is to promote concepts and the importance of insurance products to the public and policymakers. Nebraska insurers provide high quality, high value, quality insurance products to Nebraskans that help protect Nebraskans during difficult times. Not only do members of the-- not only do Nebraska insurers provide financial protections to Nebraskans, but insurers also provide high-paying jobs. Members of the Nebraska Insurance Federation alone provide well over 14,000 jobs to the Nebraska economy. According to a 2016 study, the insurance industry had a \$14.24 billion impact on the Nebraska economy in 2015. And I am testifying on the next bill, and I won't repeat that again. But I just wanted to tell you a little bit about our organization. My members discussed this bill on Friday, and we're very supportive of-- of any legislative bill that promotes safety on the roads. Driving is often the most dangerous thing that any single one of us does in a day. And we have noticed that there has been an increase in distracted driving in Nebraska and, as a result, there have been an increased number of accidents that damaged not only property, but also injuries. So for my members who have-- I have property casualty members, I have health insurers, I have life insurers and disability insurers-- they're all impacted by-- by motor vehicle accidents. In particular, we were interested in the fact that LB-- with LB239, it takes a very balanced approach to a pretty hard question on whether or not people should be-- if there should be traffic infractions for mobile phone use. We know that smartphones are not going to disappear from society and that people are going to use them in their vehicles. I think insurers-- insure-- many insurance companies actually have apps that will, if you turn them on, will track you. I have a child that just turned 16 and State Farm-- State Farm Insurance, they had a app that would track his movements for him and tell us how he was doing on his acceleration and his turning and his braking. I was very tempted, by the way, to try that out for myself; I did not. But we know that smartphones are not going away, and we know that car technology has improved, too, as has cell phones. So we're not talking about flip phones or the large mobile phones that was mentioned earlier. We're talking about phones

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that interact with your vehicle, that going hands-free is very possible. I know Siri is one of my best friends when I drive and I'm trying to make phone calls. So anything that-- any laws that pass that would help prevent distracted driving is something that the members of the Nebraska Insurance Federation can get behind. So for those reasons, we support the passage of LB239, and I appreciate the opportunity to testify. Thank you.

FRIESEN: Thank you, Mr. Bell. Questions from the committee members? Seeing none, thank you for your testimony.

ROBERT BELL: You're welcome.

***MICHELLE WEBER:** Chairman Friesen and Members of the Transportation & Telecommunications Committee. My name is Michelle Weber, presenting testimony on behalf of the Nebraska Emergency Medical Services Association. NEMSA members are both career and volunteer emergency responders, including emergency medical responders; emergency medical technicians; advanced emergency medical technicians; and paramedics, practicing under the Emergency Medical Services Practice Act. Thank you for this opportunity to submit testimony in support of Legislative Bill 239, which will make Nebraska roads much safer by limiting cell phone use while driving. Distracted driving is a leading contributor to the vehicle collisions to which we respond. Driving is a privilege and a responsibility. While lawmakers are rightly hesitant to infringe on citizen's rights, there should be no right to use a cell phone while driving in a way that endangers fellow road users. The restrictions contained in LB329 are common sense measures that are being increasingly adopted in other states as the prevalence of new communication technologies increases the potential for driving distracted. There is no question this proposal would make our roads safer and decrease the amount of deadly and harmful collisions to which EMS personnel respond. Thank you for your favorable consideration of this important legislation to protect the lives and welfare of all Nebraskans.

***AMY REYNOLDSON:** Chairman Friesen and Members of the Transportation and Telecommunications Committee, my name is Amy Reynoldson, Executive Vice President of the Nebraska Medical Association testifying in support of LB239. All too often our member physicians see patients in emergency rooms who have sustained injuries or have died due to distracted driving by cell phones. The National Safety Council reports

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that one out of every four car accidents in America is tied to distracted driving from cell phone use, resulting in nearly 400,000 injuries each year. Cell phone use while driving clearly creates an enormous potential for death and injuries on the road. As physicians, our members know the medical and personal costs of distracted driving. The Centers for Disease Control recently found that in a single year, non-fatal injuries to drivers and passengers resulted in more than \$48 million in lifetime medical and work loss costs. The NMA supports LB239 as a strong public health measure that can reduce distracted driving injuries and deaths in Nebraska. We respectfully ask for the Committee to advance LB239 to General File. Thank you.

***COLEEN NIELSEN:** Chairman Friesen and Members of the Transportation and Telecommunications Committee. My name is Coleen Nielsen. I am the registered lobbyist for State Farm Insurance Companies and the Nebraska Insurance Information Service (NIIS) testifying in support of LB239. This bill prohibits the use of a handheld devices except in hands-free mode. We are all aware that texting and driving causes accidents resulting in injuries and death. In 2018 according to the National Highway Traffic Safety Administration, distracted driving was involved in 2,841 motor vehicle crash fatalities. Among those killed: 1,730 drivers, 605 passengers, 400 pedestrians and 77 bicyclists. Many of these accidents involve cell phone use but research from State Farm shows that while texting and driving remains a concern on the nation's highways, drivers are also accessing other mobile web services at much higher rates. These behaviors may pose equal or greater concerns in the battle against distracted driving. LB239 would help to address these behaviors. The injuries and fatalities as a result of the handheld use of cell phones are costly to society in many ways, but one of the ways is the costly affect that these behaviors have on insurance. Because insurance premiums are based on losses and the potential for losses, higher losses and risks result in higher premiums. Reducing the risks in driving will help stabilize and potentially reduce auto premium costs. LB239 would help in this endeavor keeping insurance premiums affordable for Nebraskans. The Nebraska Insurance Information Service and State Farm Insurance Companies respectfully request that this Committee move LB239 to General File.

FRIESEN: Any other proponents wish to testify in favor of LB239? Seeing none, anyone wish to testify in opposition to LB239? Seeing none, anyone wish to testify in a neutral capacity? Seeing none,

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Senator Hilkemann, you can close. And we do have some letters from Michelle Weber with the Nebraska Emergency Medical Services Association, Amy Reynoldson, Nebraska Medical Association, Coleen Nielsen, Nebraska Information-- Insurance Information Service and State Farm Insurance Companies.

DeBOER: Are those in favor?

FRIESEN: In favor-- support.

ALBRECHT: He's not paying attention.

FRIESEN: You're distracted, testifying.

HILKEMANN: Oh, I'm sorry. How many times have you been driving down-- as one who drives 110 miles a day, 80 of those on the interstate-- how many times have you been driving and you see someone on the other side with that phone right there in the center on the-- where the horn is-- and they're just fiddling away with that-- that phone?. That's what we're trying to do away with this legislation. There's no way that you can be fiddling with that phone and still be concentrating on the road ahead. And so just like the 2010 Legislature had to make changes that reflect the technology devices at that time, I think it's time for us to seriously consider how we can update our statutes to reflect the changing times. It's time to get serious about distracted driving with our cell phones. I appreciate the support of the proponents of this legislation, including the Nebraska Professional Firefighters Association, the Nebraska Safety Council, the Nebraska Emergency Medical Service Association, and others. And with that, I would gladly answer the questions you may have.

FRIESEN: Thank you, Senator Hilkemann. Any questions from the committee? Senator Albrecht.

ALBRECHT: Thank you, Chairman Friesen. And the question I have, you say as long as your hand's-free. So you're saying they could have the earbuds in?

HILKEMANN: Yes.

ALBRECHT: Do you think that's not a distraction when they could be-- like, what if a-- an emergency unit is coming up on them and they're-- they've got their ears plugged? Do you think that's really a--

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HILKEMANN: Well, I-- I agree with you, but that can be a distraction.
But I think you can still hear the sirens and so forth. That's-- and
I--

ALBRECHT: I mean, I know a lot of new vehicles have everything you
need right there,--

HILKEMANN: Right.

ALBRECHT: --but, you know, I tend to think that that could be a bit of
a danger zone, too, if they have those earbuds in.

HILKEMANN: There's other ways to use that phone other than that-- that
method. But yeah. I-- I-- I hear you.

ALBRECHT: Yeah.

HILKEMANN: For example, when I go biking, I never put those in because
I want to hear what's going on behind me. And I-- and I realize that
that's still-- but I-- I would rather be able to have people use ear--
earphones as to be doing this--

ALBRECHT: If they have to use it--

HILKEMANN: --as they're going down the road 85 miles an hour.

ALBRECHT: Right. I understand. Thanks for the bill.

FRIESEN: Thank you, Senator Albrecht. Any other questions from the
committee? Seeing none, thank you, Senator Hilkemann. And I think
you're up next. So with that, we will close the hearing on LB239, and
we'll wait for a little bit so people can move in and out of the room.
And then we'll-- you can just stay sitting there.

HILKEMANN: OK.

FRIESEN: OK, I think we're ready. We will-- we'll change the sign here
in front of you yet first, and then we will now open the hearing on
LB240. Welcome back.

HILKEMANN: See, she was distracting me before, yes.

FRIESEN: We can tell. Welcome back.

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HILKEMANN: Thank you once again-- afternoon, Chairman Friesen and members of the committee. I'm Robert Hilkemann, R-o-b-e-r-t H-i-l-k-e-m-a-n-n, and I represent Legislative District 4: west Omaha. You know, if you look at the green copy of this particular bill, I'm going to refer to that "finding Waldo," because it-- it's only one line. I'm here to introduce to you LB240, which would require the use of occupant protection systems for every vehicle occupant. I'm going to be brief because I really think this bill is a no-brainer. 2020 was a year like no other. It isn't surprising that the National Highway Transportation Safety Administration report showed a decrease in traffic levels about 15 percent below comparable prepandemic periods throughout the year. You might think, then, that driving-related fatalities would fall, but they didn't. Not only did they not drop, they actually increased by 13.1 percent, the highest quarterly increase since 2008. This really should sound some alarm bells about traffic safety. When it comes to seat belt use in our state, I truly believe, as lawmakers, we send a mixed message. We require it in the front seat for the driver and front seat passengers. We require it for anyone 18 years old or under, no matter where they are riding in a vehicle. We have a public safety campaign that says Click It or Ticket and some of you have become a little more clever than that. The science of seat belts is definitive. You're safer in a seat belt when riding in a motor vehicle. It can be a matter of life and death. It can be a matter of keeping you in the vehicle or you being ejected. And I say you, but picture your loved one in these scenarios and maybe it's a little more impactful. Just this morning, as I was getting ready, I had the news on and they were doing a story about the black ice. And they showed a rollover accident in Nebraska with one of the SUVs. It rolled over, and the officer said the occupants were all safe because they were all buckled in, even though it was a complete rollover accident at that time. In addition to consistency, we need to consider what happens when a unbelted passenger becomes a flying projectile in that vehicle during a collision. You can be belted in the front seat, properly and safely restrained, and be devastatingly injured by the force of a body coming up from behind you. That's what we're talking about here. Just like LB239, which we just discussed, this bill makes no changes to enforcement. And to be up front with you, I got some grief from safety advocates for not including stricter enforcement in this bill. But I think that we can take a step in the right direction, be more consistent in our message about safety, and make riding in a vehicle safer for everyone. We're doing something

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good for the people of our state. I hope we have a good discussion
about this bill and that you would consider advancing it. And with
that, I'd be happy to answer any questions for you.

FRIESEN: Thank you, Senator Hilkemann. Senator Moser.

MOSER: Does your bill change the-- the rule that seat belt use has to
be a secondary transgression, that they don't stop you necessarily
just for seat belts?

HILKEMANN: It remains a secondary-- it's a secondary offense.

MOSER: So even--

HILKEMANN: They cannot stop you.

MOSER: --if the cop sees you, that you do not have your seat belt
on,--

HILKEMANN: That's correct.

MOSER: --they have to have another reason to stop you to give you a
ticket.

HILKEMANN: They do; that's correct.

MOSER: Thank you.

FRIESEN: Thank you, Senator Moser. Any other questions from the
committee? Seeing none, thank you, Senator Hilkemann. Proponents.

ERIC KOEPPE: Good afternoon, Senator Friesen, members of the
Transportation Committee. I'm Eric Koeppe; that's E-r-i-c K-o-e-p-p-e.
Again, I'm the president and CEO of the Nebraska Chapter of the
National Safety Council, a nonprofit organization whose mission is to
provide education and advocacy to reduce injuries and save lives in
Nebraska. I'm here today to testify in favor of LB240. And again, I
would like to thank Senator Hilkemann for introducing this important
legislation, something we have cooperated on for a number of years.
You know, in 2019, we had 248 people killed on our-- our roads in car
crashes. But I always want to make sure that I point out that we had
over 17,000 people injured on our roads during that same year.
Nebraska seat belt usage in 2019 was about 79.7 percent. The national

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average is about 90 percent. In addition, in 2019, seat belts were not used in over 63 percent of motor vehicle fatalities in Nebraska. We know that the use of a seat belt would decrease the number of fatalities. Seat belt use is the single most effective driver in passenger behavior that reduces deaths in motor vehicle crashes. Seat belt use by the back seat passenger, as Senator Hilkemann pointed out, is extremely important. A 2015 IIHS study shows two important facts. One combats the misperception that riding in the back seat of a newer car is safer than the front seat. The study found no difference in the risk of dying in a crash when seated in the rear compared to sitting in the front for restraint-- restrained passengers. The common misperception, and I'm going to send the study down because I thought it was very interesting. A lot of adults still believe that riding in the back seat is just as safe. It is not any safer. And, as Senator Hilkemann pointed out, the back seat passenger becomes a projectile no matter if the front seat passenger is restrained or not. And more importantly, the study found that unrestrained rear seat occupants were nearly eight times as likely to sustain a serious injury in a crash as if they were restrained. So an unrestrained backseat passenger versus a restrained backseat passenger has an eight times higher likelihood of a serious injury. Seat belt use by rear passengers saves lives. Again, while our organization would prefer this bill to be a primary enforcement, we support this bill because it takes a positive step forward in saving lives and reducing injuries by requiring seat belt use by all passengers in a motor vehicle. I encourage you to advance LB240 from committee. And thank you for your consideration.

FRIESEN: Thank you for your testimony. Any questions? Senator Cavanaugh.

M. CAVANAUGH: Thank you. Thank you for being here. This question is a little bit selfish, as a mom of three kids that sit in the back seat. And you said that it's not necessarily as safe. Is it safer to be in the back seat if they are restrained?

ERIC KOEPPE: So what the study found was that-- that there was a-- a component of-- of-- if you were restrained, front seat or back seat, it was no safer in the back seat.

M. CAVANAUGH: OK, I see. Thank you.

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ERIC KOEPPE: That's what the study found. If- if-- if you were restrained in the front and restrained in the back, that it was no safer either side. We certainly know if you're not restrained.

M. CAVANAUGH: Right.

ERIC KOEPPE: That is-- that is not safer.

M. CAVANAUGH: Right. Thank you.

ERIC KOEPPE: Yeah. Thank you.

FRIESEN: Thank you, Senator Cavanaugh. Any the other questions from the committee? Seeing none,--

ERIC KOEPPE: Thank you.

FRIESEN: --thank you for your testimony.

ROBERT BELL: Good afternoon, Senator-- or Chairman Friesen and members of the Transportation and Telecommunications Committee. My name is Robert Bell. Last name is spelled B-e-l-l. I am the executive director of, and the register-- registered lobbyist for the Nebraska Insurance Federation. I appreciate the opportunity to testify in support of LB240. Again, as you know already, the Nebraska Insurance Federation is the primary trade association of insurance companies domiciled in, or with a significant economic presence in Nebraska. I'm not going to bore you with a bunch of stats that I have written down here, either about insurance companies or traffic accidents and fatalities, although one did-- that-- catch my eye is that 63 percent of all traffic fatalities in Nebraska are unrestrained occupants. And I believe that was from 2019, from the Office of Highway Safety at the Department of Transportation. We know, as insurance companies, if you do three things-- if we could get everybody to do three things, it would help highway safety and perhaps lower our auto insurance rates. And that would be don't drink and drive, pay attention to what you're doing, and buckle up. You know, buckling up is the difference between walking away. I think we've all probably been in minor car accidents where we've been buckled up and you-- you walk away, you shake it off. You might have a little bit of whiplash, but you walk away from that accident. And to think about if you weren't buckled up, you know, you might be seriously injured or you might be a fatality. So for those reasons, we would urge that Nebraska join the vast majority of other

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states that require all occupants to be properly restrained in their motor vehicles. I appreciate the opportunity to testify. And thank you.

FRIESEN: Thank you, Mr. Bell. Any questions from the committee? Seeing none, thank you for your testimony.

ROBERT BELL: You're welcome.

***AMY REYNOLDSON:** Chairman Friesen and Members of the Transportation and Telecommunications Committee, my name is Amy Reynoldson, Executive Vice President of the Nebraska Medical Association testifying in support of LB240. Our member physicians often see the result of not wearing seat belts in emergency rooms across the state. Wearing seat belts are the single most important thing individuals can do to safeguard their life while traveling in vehicles. The National Highway Traffic Safety Administration estimates that buckling up can reduce the risk of fatal injury by 45% and critical injury by 50%. As physicians, our members see the medical and personal costs in the aftermath of not wearing seat belts. With children most often the passengers in the back seat of the vehicle, LB240 will undoubtedly save the lives of many children across the state. For those reasons, the NMA supports LB240 as a strong public health measure that can directly impact and save lives and injuries across Nebraska. We respectfully ask the Committee to advance LB240 to General File. Thank you.

***MICHELLE WEBER:** Chairman Friesen and Members of the Transportation & Telecommunications Committee, My name is Michelle Weber, and I am presenting testimony on behalf of the Nebraska Emergency Medical Services Association. NEMSA members are both career and volunteer emergency responders, including emergency medical responders; emergency medical technicians; advanced emergency medical technicians; and paramedics, practicing under the Emergency Medical Services Practice Act. Thank you for this opportunity to submit testimony in support of Legislative Bill 240, which will strengthen Nebraska's seat belt law and save lives. Motor vehicle crashes are a leading cause of death among those aged 1-54 in the United States, and seat belt use is one of the most effective ways to save lives and reduce injuries in crashes. The U.S. Centers for Disease Control and Prevention recommend effective, well-enforced seat belt laws to ensure that every person in every seat buckles up on every trip. Primary enforcement states have

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seat belt use 9 percentage points higher than secondary states. CDC research has also shown that enhanced enforcement programs increase seat belt use by a median of 16 percentage points. We have these tools at our disposal, but it is up to you as lawmakers to put them in place and save lives. NEMSA urges your advancement of LB240. Thank you for your time and consideration.

***COLEEN NIELSEN:** Chairman Friesen and Members of the Transportation and Telecommunications Committee. My name is Coleen Nielsen. I am the registered lobbyist for the State Farm Insurance Companies and the Nebraska Insurance Information Service (NIIS). State Farm and NIIS support LB 240. The Insurance Institute for Highway Safety, in an August 2017 article, stated that "Adults have gotten the message that it's safer for kids to ride in the back seat properly restrained, but when it comes to their own safety, there is a common misperception that buckling up is optional." Their survey revealed that "many rear-seat passengers don't think belts are necessary because they perceive the back seat to be safer than the front. This shows a clear misunderstanding about why belts are important, no matter where a person sits in a vehicle." The statistics regarding rear seat belt use are sobering. The Governors Highway Safety Association (GHSA) released the report called Unbuckled in the Back: An Overlooked Issue in Occupant Protection. In that report, it was noted that only 78% of occupants age 8 or older were buckled in the rear compared with 87% of front seat occupants. In fatal crashes only 60% of the fatalities were belted. The organization, Network of Employers for Traffic Safety reported that "U.S. employers are collectively spending an extra \$5 billion per year on traffic crashes involving employees who did not wear a seat belt while driving or riding as a passenger, whether they were on the job or off." Clearly, not wearing a seatbelt in the front or back seats of vehicles represents risky behavior which could and often does result in significant losses. Insurance premiums are based on potential risks and losses. Premiums are used to cover the cost of losses and protect people financially. Higher losses and risks result in higher premiums. Legislation like LB240 helps to reduce risks and ultimately the losses helping to stabilize and potentially reduce auto premium costs for Nebraskans. The Nebraska Insurance Information Service and State Farm Insurance Companies respectfully request that this Committee move LB240 to General File.

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FRIESEN: Any other proponents who wish to testify? Anyone wish to testify in opposition? Seeing none, anyone wish to testify in a neutral capacity? Seeing none, Senator Hilkemann, you wish to close? We do have some letters here in support from Michelle Weber, Nebraska Emergency Medical Services Association, Amy Reynoldson, Nebraska Medical Association, Coleen Nielsen, the Nebraska Insurance Information Service and State Farm Insurance Companies.

HILKEMANN: Any questions of me after the testimony? It's been nice to be here with you folks. Thank you.

FRIESEN: Thank you, Senator Hilkemann. That will close the hearing on LB240.

MOSER: Barely have to clean up after that.

DeBOER: Just in case, right?

ALBRECHT: LB126.

FRIESEN: LB126. OK, with that, we are ready to open the hearing on LB126 with Senator Halloran. Welcome to TNT.

HALLORAN: Thank you, Chairman Friesen and members of the Transportation and Telecommunications Committee. For the record, my name is Senator Steve Halloran, S-t-e-v-e H-a-l-l-o-r-a-n, and I represent the 33rd Legislative District. I'm here today to introduce LB126 to the committee for your consideration. The idea for LB126, was brought to my-- brought to me by constituents of District 33. Several over-the-road truckers really felt the addition of requiring that headlights and taillights be turned on when windshield wipers are in continuous use as a result of rain, sleet, snow or other moisture, would add an additional level of safety on the road. When such adverse weather conditions are happening, it is very often hard to see other vehicles on the road. Researching the topic, my office found that 33 states required headlights are to be on with weather conditions, 21 states required headlights to be on when windshield wipers are in use, 12 states required headlights be on during-- the more vague term-- adverse weather conditions. Currently, Nebraska requires headlights to be turned on during that period from sunset to sunrise and any other time when there is not sufficient light to render clearly discernible persons or vehicles upon the highway at a distance of 500 feet.

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There's no reference to weather conditions. Members of the committee,
I thank you for your time, and I will be glad to answer any questions
on LB126.

FRIESEN: Thank you, Senator Halloran. Any questions from the
committee? Seeing none, are you going to hang around for closing?

HALLORAN: I can just sit here if you like.

FRIESEN: Are there any proponents who wish to testify in favor of
LB126? Seeing none, anyone wish to testify in opposition to LB126?
Seeing none, anyone wish to testify in a neutral capacity? Seeing
none, Senator Halloran, would you like to close? I don't think we have
any letters.

HALLORAN: My theme song was going to be "I can see clearly now, the
rain is gone," but I decided not to do that song today. But this to me
is, in every-- common sense. Common sense is kind of a subjective
thing. But we've all experienced driving down the road, either with
traffic coming at us without their headlights on when there's adverse
weather conditions-- rain, sleet, snow, moisture in the air-- or in
the event where someone is passing you. And this is a difficulty for
truckers; it really is. Truck-- trucks throw up a tremendous amount of
moisture that's-- that might be on the-- on the pavement because of
rain or snow conditions. And that spray makes it virtually impossible
for them to see in the rearview mirrors anyone behind them unless they
have their headlights on. And so this is-- this is an effort to try to
have some degree of safety enhanced by people having their headlights
on whenever the windshield wipers are on.

FRIESEN: Senator Halloran, thank you.

HALLORAN: I can see--

FRIESEN: Any questions from the committee?

HALLORAN: I can see clearly now.

FRIESEN: You know, it says here "a continuous," so if you have an
intermittent wiper, headlights would not be required.

HALLORAN: Well, that's the way it's worded, but if I had an
opportunity to reword that, I would say even on intermittent.

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FRIESEN: OK. I mean, that's why I'm asking,--

HALLORAN: Yeah.

FRIESEN: --to kind of make sure that I understand it. And so, I mean,
a lot of the-- a lot of cars these days have, you know, automatic
headlights or they-- they turn on and off.

HALLORAN: Right.

FRIESEN: Now I don't know how sensitive they are, but, you know, a lot
of-- all cars, I think, have running lights or most.

HALLORAN: Right.

FRIESEN: But again, people do forget sometimes that the taillights are
not on when you're running lights are on. So there is a difference, I
take it.

HALLORAN: There is. And sometimes people turn them on when the sun has
set.

FRIESEN: Right.

HALLORAN: So that's [INAUDIBLE]. But, yes. you know, it's-- it's--
it's-- to me, it's a safety issue, and I-- and I regard the safety and
well-being of truckers because I have to drive on the road with them.
I think it's important for them to have as much visibility of vehicles
under adverse weather conditions as possible.

FRIESEN: Does this apply to trucks, too, or just to cars?

HALLORAN: Everybody.

FRIESEN: So do you know of any vehicles where the headlights do come
on when you turn your wipers on?

HALLORAN: No, but I wish--no, I don't. But it seems like that would be
a com-- again, common sense is subjective, but it seems like that'd be
a commonsense thing to-- to have manufactured into a car, but--

FRIESEN: Any other questions from the committee? Seeing none, thank
you, Senator Halloran.

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HALLORAN: Thank you.

FRIESEN: With that, we will close the hearing on LB126, and we close
the hearing for the day. And we are going to have Exec--