

Transcript Prepared by Clerk of the Legislature Transcribers Office
Transportation and Telecommunications Committee July 31, 2024

MOSER: Our meeting of the Transportation and Telecommunications Committee will now come to order. I'm Mike Moser, the Chair of the committee. We'll begin with introductions of the senators, starting on my right with Senator DeBoer.

DeBOER: Good afternoon, everyone. My name is Wendy DeBoer. I am a senator from Omaha representing District 10, northwest Omaha.

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

DeKAY: Barry DeKay, District 40, representing Holt, Knox, Antelope, Cedar, northern part of Pierce and most of Dixon County.

FREDRICKSON: John Fredrickson representing District 20, which is in central west Omaha.

MOSER: Far left.

BOSN: I'm Carolyn Bosn, and I'm the state senator from District 25, which is southeast Lincoln, Lancaster County.

BRANDT: Not Barry DeKay. Oh, Senator Tom Brandt, District 32: Fillmore, Thayer, Jefferson, Saline, and southwestern Lancaster.

MOSER: Thank you. Our committee clerk is Lynne Woody. Our legal counsel is Gus Shoemaker, which is a new face, been with us for a, a couple months. There are blue testifier sheets on the table at the entrance of the room. If you would like to testify, fill one of those out and give it to the clerk as you come up. If you're not testifying but would like to record your presence, you can sign the gold sheet in the book on the table near the entrance. Handouts submitted by testifiers will be included as part of the record as exhibits. Please provide 10 copies. Senators may come and go during the hearings, it is common as they may be required to present bills in other committees during the same time as our committee meeting. Testimony begins with the introducer's opening statement, then we'll hear from supporters, those in opposition, and then those speaking in the neutral. Then the introducer of the bill will be given the opportunity to make closing statements should they wish to do so. Please give us your first and last name and also spell them for us. We will be using a 3-minute timer light system today. Remember to turn off your cellphones or put them on vibrate. And we do not allow demonstrations of opposition or support on testimony. So with that, we'll go to the

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gubernatorial appointments. The first person is Phillip Doerr. Is that how we say that? Welcome.

PHILLIP DOERR: Thank you. Phillip Doerr, P-h-i-l-l-i-p, Doerr, D-o-e-r-r.

MOSER: OK. If you'll just tell us about yourself a little bit and why you're interested in this Commission.

PHILLIP DOERR: I farm northeast Nebraska-- Wausa. We have a small farming operation, cow-calf operation, and, as everyone can see, my small family back there. We are extremely invested in the technology. And I think that this NITC Board Commission position is very important to grow the Internet in northeast Nebraska, getting better and faster Internet to continue growing the farming economy in the area with the rate at which the technology is growing. And also on a side portion, I want to improve the schools' abilities for my family to have better Internet for them as well.

MOSER: OK. Senator DeBoer.

DeBOER: Thank you. Thank you for being here very much, Mr. Doerr. And I just-- you know, we-- you were at the most recent meeting of the NITC--

PHILLIP DOERR: Yes.

DeBOER: --with me, and you noticed that there's a variety of different folks who come together and they all have sort of their own expertise to bring into the conversation about technology. Do you have a specific piece that you're going to add to that? What is your, sort of, specific interaction with technology in, in Nebraska?

PHILLIP DOERR: Strongly on the agricultural side, we have everything from precision planting on up to mappings and trying to work towards self-driving equipment, eventually, someday. Tried buying a tractor on the way down online and got into a few spots that had no Internet and lost the tractor. So there's just kind of a few things like that that we deal with and on a daily basis that I want to try and work towards having better Internet, you know, in, in all of Nebraska, mainly, but, you know, along northeast Nebraska strongly, though.

DeBOER: One of the things that we do, obviously, is try to look at Internet, but, but more than just connections and making sure that those are strong. Have you done a lot yourself or do you plan to do more with precision ag? Is that something that you're-- you, you

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mentioned it, but can you tell me how much you're sort of involved in it in terms of your own operation?

PHILLIP DOERR: Every tractor has GPS. We map everything that goes on. We are in-- or very close to a, a watershed, the Brazil Triangle watershed in Creighton, that is limiting the amount of nitrogen you can put on. So we map every acre, every pound of fertilizer that gets put on in the happenstance that they expand that watershed area out with the nitrogen. We are transferring data every-- I don't know exact the seconds, but it's, it's every few seconds I'm transferring data from the tractor to the home computer so that I can pull it up on my tablet and watch hired men as they're going across the field and make sure that they have the right prescription for the right field. I can watch the combine as it's going across the field, harvest data, everything. And if there is an issue, I-- this spring we had an issue with our planter. I spent 3.5 hours with John Deere techs, all the way from Bloomfield, all the way to Illinois, that were coming in and connecting to my tractor and trying to work out this issue that we had on our connectivity. As I said, we work strongly with connectivity of all sorts.

DeBOER: All right. Thank you.

MOSER: Senator Bostelman.

BOSTELMAN: Thank you. Do you have satellite or do you have fiber?

PHILLIP DOERR: I currently have Starlink satellite, and that is the only option that I can get at my place. We've tried cellular and at the direction at which my shelter belts all line up, it seems to just-- cellular doesn't work.

BOSTELMAN: I know the feeling.

PHILLIP DOERR: Yeah, I just-- we've, we've tried-- I've had Viaero, U.S. Cellular, and Verizon, all cell phone modules. And we have not been able to make any of them work. We did work with a company-- oh, Next-- Nextlink, I think, is what the company was. We were able to bounce from-- I actually had a-- have a bridge from my bend site to my house, because the bend site was the only place that I could get it, so we had to fight with the bridge and anyone that's ever fought with a bridging Internet knows that those things are, are not very reliable and they are a pain to continue to make work, so.

BOSTELMAN: Sure. Do you know if your local library in Wausa or other towns and the schools, are they connected?

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PHILLIP DOERR: They are connected.

BOSTELMAN: OK. Do they use the assistance from--

PHILLIP DOERR: I have not been to a school board meeting to know that information yet, but that is part of my goal is to go to one of their meetings and kind of find out this information.

BOSTELMAN: One of the things that you will know sort of on the Commission is that they do provide-- there is funding provided-- assistance provided through [INAUDIBLE] and NITC to provide-- to help them fill out the forms and stuff for the funding to be connected, so.

PHILLIP DOERR: That's definitely something I want to look into. And if they are not connected through the programs, maybe reach out and say this is an option that they could look into.

BOSTELMAN: Do your-- do your-- are the kids old enough now-- do they have devices? Are they required to have a device at school?

PHILLIP DOERR: The oldest one is going to have a device this year. This will be his first year of having a device.

BOSTELMAN: OK. Thank you.

MOSER: OK. Other questions? Senator DeKay.

DeKAY: Mr. Phillips [SIC], where's your operation located from Wausa?

PHILLIP DOERR: I am 6 miles due west by the golf course there.

DeKAY: OK. How close is fiber to where you live?

PHILLIP DOERR: I have-- there's five lines that run at the end of my lane, three dead and two live. And we cannot connect to the two live ones because they are the main bones.

DeKAY: You are connected, you said?

PHILLIP DOERR: No, we cannot.

DeKAY: You cannot.

PHILLIP DOERR: They are the main bones between Creighton and Wausa.

DeKAY: OK. All right. Thank you.

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MOSER: Senator Brandt.

BRANDT: Thank you, Chairman Moser. Thank you for being willing to do this today and take the family on a vacation. So around Wausa, to follow up with what Senator DeKay said, are they digging in broadband? Are you seeing any conduits sticking out of the ground anywhere in the neighborhood?

PHILLIP DOERR: They, they dug a main line to-- Center is where our courthouse is. They dug a main line into Center that kind of went past a couple of our pastures, but they have not done any digging other than that.

BRANDT: Yeah, much like you, I-- until last year, I had the same experience. I live on a highway. We've got 2 or 3 of these trunk lines going past and, and it's, like, who do you call? You can't even find out who has these lines. It was interesting that you bring up the equipment repair. So did you have a, a good experience when you contacted John Deere on getting your software repaired to get your planter to operate?

PHILLIP DOERR: No, we did not have a good experience.

BRANDT: And why was that?

PHILLIP DOERR: I'd prefer not to say.

BRANDT: We can talk-- we can talk later.

PHILLIP DOERR: Let's.

BRANDT: OK. Thank you.

MOSER: OK. Other questions? Seeing none, thank you for coming in and thanks for bringing your family along.

PHILLIP DOERR: Thank you, guys, for letting me speak and be on the-- or be an option for this, I guess, I should say.

MOSER: Yes, well, thank you for being willing to serve. OK. We had no online comments either for or against Mr. Doerr. Is there anyone here to speak in support of his nomination? Is there anyone here to speak in opposition to his nomination? Is there anyone here to speak in the neutral capacity? OK. Seeing none, that closes that part of our hearing on Phillip Doerr. We'll move on to the next nominee, Nathan Watson. Please come up. Welcome.

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NATHAN WATSON: Thank you. Nathan Watson, N-a-t-h-a-n W-a-t-s-o-n. I forget what's next.

MOSER: Just tell us a little bit about yourself.

NATHAN WATSON: Sure. So I am a owner-operator of an AI consulting company and an AI trade school out of Omaha, Nebraska. We help companies-- interesting that he brought up ag, we do a lot of ag tech. Figure out how to use data to make data-driven decisions, build AIs, and to make them useful in their organizations. And then we train individuals on how to do programming, data science, and artificial intelligence.

MOSER: OK. And what interests you about the Commission?

NATHAN WATSON: I've known about the Commission for a long time, and I was really excited when an opening popped up. I've wanted to bring data-driven decision-making to the state. And I think that the ability to sit in and, and provide counsel on all things data usage, data structures, database, and artificial intelligence is, is what I like to do. We're building a community. And I think that being part of the NITC is going to help bring light to that community. Not only in Omaha, but across the state.

MOSER: OK. Questions? Senator Fredrickson.

FREDRICKSON: Thank you, Chair Moser. Thank you for being here today and your--

NATHAN WATSON: My pleasure.

FREDRICKSON: --willingness to serve. You mentioned you have a lot of experience working with AI. This is, obviously, a new-ish technology that's rapidly developing and changing and, certainly, can appreciate someone with that expertise coming to the table. Can you share a little bit about how you might envision AI impacting our state in terms of whether that's economy or whether that's state government or, or kind of what you might bring to the table with that perspective?

NATHAN WATSON: So artificial intelligence really has two layers, two very distinctly different layers. The first one is just using-- an individual using AI to enhance their regular everyday jobs, right, how to better write an email, how to better Google something, how to write a better presentation. And that's called prompt engineering. And we do a lot of classes and, and speeches and all kinds of talking about how we help organizations or, or people inside of organizations really

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just do their jobs better. Using, using AI can enhance all of that. Think of it as a personalized Google search for everything that you do. Using artificial intelligence to build a web-- an application for an organization like the state to do things better is a very different animal. That requires data governance, database, cybersecurity, programmers. But what we've seen is that inside of companies, it is significantly lowering the amount of time it takes to do a task from 8 to 10 hours to 1 to 2. It's still a person doing the task. It's still a person overseeing the task. But now they're able to do tasks better, tasks faster, and just allows them to be more successful. I can see the state implementing a lot of that type of help in some of your larger databases and some of your larger subsets of organizations where the, the date-- getting the data is such a huge part of the process of getting a permit, or getting a license, or making a recommendation that to, to hasten that journey, to give them better data at their fingertips, is going to make all of you guys more successful in what you do.

FREDRICKSON: Sure. And with that-- just going to follow up on that a little bit. I mean-- so with AI being a fairly newer or developing technology and I'm not sure if you follow it throughout the country, but we are starting to see different legislation proposed in different states regarding AI, whether that's a regulatory piece of legislation or otherwise. Do you have any opinions or personal perspective on, on whether legislation needs to be prioritized related to AI?

NATHAN WATSON: We're going to have to do something eventually. Whether that means in haste is, is, is not real. The problem with AI is-- and so I have a-- I have a certificate that we teach in the trade school, the curriculum that we developed in 2023 is almost 100% obsolete. So anything that you guys write in a-- in a legislation to-- other than like an ethics type of legislation, if you get into the weeds, it's going to be obsolete in a year or less.

FREDRICKSON: I'd say even a month, right, [INAUDIBLE].

NATHAN WATSON: Yeah, the, the MBA at Berkeley changes the curriculum every other week.

FREDRICKSON: Wow.

NATHAN WATSON: It's that crazy.

FREDRICKSON: Wow.

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NATHAN WATSON: So we're-- it's, it's the Wild West out here and just trying to stay on top of it is hard enough. There are some states that are getting some legislation passed, and a lot of it is the ethical usage. But in most cases, what we see is keeping a person part of the process really is, is the big piece of this. We can-- we can recommend decisions, we can help you make decisions, we can give you data faster. But in the end, please make sure that there isn't an AI making the decision. It is the person making the decision. I think there's just really some rules that we could help you guys figure out where the, the-- just a general, hey, if you're going to use it-- by the way, everybody's using AI. If you don't think that they are, they are. The-- so some rules and guidance of, hey, don't dump state secrets into ChatGPT without buying a license for it. Those types of helpful pieces of guidance, we should as a-- we, as a state, should produce for everybody because that, that is happening and we should-- we should give people, yeah, some understanding of what shouldn't and should be done.

FREDRICKSON: Thank you.

NATHAN WATSON: Um-hum.

MOSER: Senator Brandt.

BRANDT: Thank you, Chairman Moser. Thank you for your willingness to serve on this. And, and Senator Fredrickson kind of stole my thunder on where we, we need to go with this, because I do need-- think there needs to be an outline recognizing that AI changes daily. You know, this thing-- this thing is amazing. I mean, it is amazing what this can do. So I'm going to kind of change my tact a little bit. I serve on the Natural Resources Committee, which oversees electricity in the state, Senator Bostelman is the Chair, and I believe what I saw, in 2 years Nebraska will use more electricity than what it produces. And this has gone up exponentially. And it's because of data centers and Bitcoin mining. What happens to your AI when you're going to end up like our farmer friend over here in Wausa and not have enough juice to run this thing or enough broadband width to make it work? I mean, do you have any-- has the industry looked at that?

NATHAN WATSON: I think the industry is petrified by it, quite frankly. We're going to have to build some more power capacity. That's really what it amounts to is-- and we all know this, right? Even if you spend any amount of time thinking about an electrified automobile group of cars, we're woefully negligent in the amount of power that we can produce. And the Power Pool, the SPP, that we are part of, it doesn't

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have enough power in it either. So you could crank all the Texas nukes up to 100 and that still doesn't get us there. And we're going to need a lot more wind, but we're going to have to invest in some power infrastructure. This is-- yeah, we've, we've barely touched AI, and it is crazy. We have an internal server in our office, and when we-- when we-- when we actually crank on it hard when we're using a big AI internally, you, you can max out a whole server. It's, it's crazy. So-- and that's just us doing it for a company. I can't imagine the state having giant AIs that run all the time. The power consumption is, is a lot and we do-- that is a major concern as AI becomes used kind of across all people.

BRANDT: All right. Thank you.

MOSER: Senator DeBoer.

DeBOER: Thank you. Thank you again for being willing to do this.

NATHAN WATSON: My pleasure.

DeBOER: How long have you worked in AI?

NATHAN WATSON: So there is a common misconception that AI came out in 2022. That's not true.

DeBOER: No.

NATHAN WATSON: Notice that when everybody gives the date of November the 22nd of '22, that that's the first day of ChatGPT. ChatGPT-- that was ChatGPT 3.0. Right? So we've been using it when it was 2 and when it was 1, and when it was half a 1. But since 2008, we've been building data science, machine learning and analytics for organizations. When the term data science didn't exist, we were all econometricians. Just horrible, nobody can spell it. So I'm glad they came up with the term data science. Mostly economic majors, poli-sci majors, but we've done a couple hundred companies at this point and 50, 60 data science teams since 2008.

DeBOER: OK.

NATHAN WATSON: Schools only since 2016.

DeBOER: So--

NATHAN WATSON: I guess, that's a point, too.

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DeBOER: --obviously, one of the key areas we're talking about, and you saw we were talking the other day in a meeting, is about cybersecurity. So do you see a future for some kind of marrying of AI with cybersecurity to respond to threats as well as, you know, sort of being helpful to threatening places, right? Is there a defensive component?

NATHAN WATSON: Of course. I think that AI helps with a lot of that. It's very good at identifying threats. It's very good at seek and find type of missions where it goes into giant datasets and pulls out the things that are awry. We have on our building a cybersecurity certificate, and that will be-- there's a lot of Venn and the Venn diagram, as they say, between the overlap of data science, data engineering, AI, and cybersecurity. I think they're all bites of the same apple. Got to have one to have the other. And so I think that we're going to have to invest pretty heavily in cybersecurity as well, as well as power generation. That you can't-- there are definite ways to keep AI from searching everything or giving away secrets. You don't-- there, there are definite ways to sandbox, as they say in the industry AIs, but you have to have somebody that is in charge of cybersecurity that understands data engineering that is kind of in charge of that, that is making sure we don't do it haphazardly.

DeBOER: Thank you.

MOSER: Senator DeKay.

DeKAY: Thank you. Thank you, Mr. Watson, for being here today.

NATHAN WATSON: You're welcome.

DeKAY: Going off the power generation part of it, have you guys engaged in talks with OPPD on where you're going to be at 4 years from now as far as generation needs, and how are they going to be able to help you out going forward within the industry?

NATHAN WATSON: So OPPD has been a client for a number of years, not doing AI. I think that they're starting to feel the pressure of that. I think other people are talking to them about AI generation, but that is one of the things that we hope to get in front of them over the next 6 months to a year and really start helping them figure out what the usage piece might be. But, no, nothing formal yet.

DeKAY: I was just wondering, talking with the SPP and stuff, how much dispatchable generation is available to OPPD and how much are they

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looking to have to add in the next, say, to 2029? Do you-- have you had those talks with them yet?

NATHAN WATSON: Not in a long time. So anything that we do with OPPD is not about power usage or-- it's, it's everything we've done for their-- for them has been in, like, the R&D section, where we're trying to figure out different ways for them to use data and data science to give their customers better usage and to, to help them do other things. But, no, I, I think that that's a valid thing that should be happening.

DeKAY: Because-- well, in out-state Nebraska, NPPD in, in particular, their grow out right now, I think, is well over 700 megawatts in the next 4 to 5 years. And I was wondering how close OPPD mirrors to that going forward for the amount of generation that's going to have to be put into place going in the next 5 to 6, 10 years?

NATHAN WATSON: I don't know, but it's certainly a question I'm willing to ask and have a conversation with them.

DeKAY: All right. Thank you very much.

NATHAN WATSON: Um-hum.

MOSER: Senator Bostelman.

BOSTELMAN: Thank you, Chairman Moser.

MOSER: I don't recognize you with the whiskers.

BOSTELMAN: I'm just starting to grow one, so I'm not as far along as you are.

NATHAN WATSON: That's all right. I support it, though. I fully support it.

BOSTELMAN: It'll get there. It'll get there.

NATHAN WATSON: Yeah.

BOSTELMAN: Very good. The question comes around to looking at the different business things you're involved with and that, and NITC Commission that has broad reach across the state and a lot of different areas, a lot of different levels of that. I'm talking a conflict of interest. And do you see where there may be some conflict of interest with either the businesses that you deal with now, that

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you're involved with now or potentially, and then, if so, how would you deal with those conflicts?

NATHAN WATSON: I think it's a great question. If it came up where the NITC was working on something that, that would be a conflict of interest, I certainly would announce it, I guess, is the right way to say that. I would talk to others about it. I am not interested in any sort of ethics violations. I, I, I don't-- I mean, when we go and work for an ag tech company or a-- or a manufacturing plant, I don't know that anything that we're building which is, you know, models on churn and customer acquisition and, you know, programming models to, to do a first pass of programming. I'm not sure any of that will get to be an ethics violation, but we're going to err on the side of caution where we'll bring up all that stuff early and often.

BOSTELMAN: OK. Thank you.

NATHAN WATSON: Yeah, it's certainly something I thought about before raising my hand for this.

BOSTELMAN: Sure. OK. Good.

MOSER: Any other questions? I just had one comment, I-- from listening to your description of artificial intelligence and AI, I'm encouraged to know that I could be a world expert in 2 weeks.

NATHAN WATSON: I don't know about 2 weeks.

MOSER: Well, it changes every 2 weeks. What I would have known 2 weeks ago is not true, so.

NATHAN WATSON: Right. That's exactly right.

MOSER: And so I don't know how I'm going to absorb all that, but. All right. Any other questions? Thank you for your willingness to serve. And I think-- I think you'll make an interesting contribution to the Commission.

NATHAN WATSON: Thank you, guys.

MOSER: And so if you-- we're finished grilling you and we'll see if there are any supporters. You can go ahead and take your seat.

NATHAN WATSON: Thank you, guys.

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MOSER: Thank you. Is there anybody else to speak in support of Mr. Watson? Is there anyone here to speak in opposition to Mr. Watson? Anybody here to speak in the neutral? OK, that'll close our hearing on the appointment of Nathan Watson. Thank you all for coming today. That brings us to Senator Day and her LB29. Thank you, Charlie. Welcome to the committee.

DAY: Hello. Thank you.

MOSER: Oh, just give them to the clerk. Well--

DeBOER: Carolyn will be--

MOSER: We're kind of self-service here with no pages.

BOSN: You know, just one of the many things I can do to help.

MOSER: Thank you, Senator.

DeKAY: You're going to make a great page someday.

BOSN: Thank you. I aspire.

FREDRICKSON: Listen, she's, she's making a run for it.

DeBOER: She can have all the jobs. She can do them all and she's a mom.

DAY: Thank you.

BOSN: You bet.

MOSER: All right.

DAY: OK. Good afternoon, Chairman Moser and members of the Transportation Committee. My name is Jen Day. That's J-e-n D-a-y, and I represent Legislative District 49 in Sarpy County. I'm here this afternoon to introduce the second of three property tax bills I brought during special session. LB29, which would sell the state's executive aircraft and place the money in the General Fund for the purposes of property tax relief. Recognizing that there are public emergencies, LB29 has a broad exemption that allows for charters for emergencies and natural disasters. No single cut will solve our property tax crisis. However, LB29 can be another piece of the puzzle in making the arithmetic work for property tax relief. I got this idea from former Iowa Governor Terry Branstad, who sold the Iowa state plane during his tenure. Notably, other governors have followed this

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model and former Alaska Governor Sarah Palin, former governor-- excuse me, former Florida Governor Rick Scott and former Indiana Governor Mike Pence have sold their state's executive aircraft. So while many states have, have private executive aircraft, this has also been a way for governors to lead by example in cutting spending. And it's worth having a conversation whether this is a way our state could make a cut in an area that very few Nebraskans would feel. Nebraska's current executive aircraft is a 2014 Beechcraft King Air C90GTx, which was purchased for \$3.5 million following a cost study and analysis by aviation consultants hired by the Legislature. Under this study, it determined that the total lifecycle costs of this aircraft will run about \$10.7 million over the state's projected 20-year ownership of the aircraft, of which we're currently 10 years into. I don't think we're-- I don't think we're breaking news to anyone that Nebraska is a large state. And I know that there's an argument that this plane connects the Governor with communities where it's a hassle to drive. But I also think everyone knows that having a private plane is expensive. At \$5.08 per mile, it costs to fly this plane, it's a luxury that could be better spent elsewhere. The money going to this plane is not a better use of tax dollars than the proposed cuts elsewhere in the budget, and it definitely does not outweigh the value that this funding would have if we simply return this money to the taxpayers. I know this is not a painless cut and it will be a hassle. However, I argue that we should cut this before making cuts at HHS, the State Patrol, Corrections, or the Crime Commission, all of which were unilaterally cut by the Governor outside of the normal appropriations process this spring. No budget cut is painless. The state plane is a less painful cut than most. If there weren't multiple states that hadn't already done this, I would not have brought this bill. However, we can look to our neighbors to the east for a good perspective on this issue. When asked by the World-Herald about the lack of an Iowa state plane in 2013, Governor Branstad's communications director remarked that ground transportation is just what we try to use, while the World-Herald noted that Governor Branstad had only chartered four flights in the past year. I think Iowans are getting a better deal than we are in this area, especially when you look at flights between Lincoln and Columbus, Lincoln and Beatrice or Lincoln and Nebraska City, all of which can pretty reasonably be driven in an hour. We can be better stewards of Nebraskans tax dollars, and the fiscal note confirms this. If you look at the fiscal note, the state can gain an immediate \$3.15 million in front savings by selling the plane. On top of that, we will see hundreds of thousands of dollars in savings for the Division of Aeronautics, which could be better spent carrying out the core duties

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of the department and opening up an appropriation cut in the future commensurate with the realized operational savings. In contrast to Nebraska's model, when the World-Herald looked at Iowa in 2013, Governor Branstad had spent only \$4,500 on charters over the previous 9 months. Furthermore, this is beyond the scope of the current fiscal note, but we'd also be saving in acquisition costs of the next aircraft for a future budget since we're halfway through the the 20-year life cycle of this current plane according to the best practices and safety analysis of the consultants hired by the Legislature when this plane was purchased. I realize that there is utility in this plane. However, I also think that when we're ranking priorities, Nebraskan-- Nebraskans would not rank this particular one very highly. There's also precedence for this in the private sector. When the current CEO of GE Aerospace, Larry Culp, took over in 2017, one of the first things he did was ground their fleet of private jets. And this is a company that makes jet engines. If a Fortune 500 aviation company like GE can live without private planes in an effort to cut costs and return value to the shareholders, I think we owe it to the taxpayers of Nebraska to try that as well. LB29 isn't going to single-handedly solve Nebraska's property tax crisis. However, if we truly want to explore in all of the above strategy to trim our state's budget, it's an easy cut that almost no Nebraskans will feel. I'd urge the committee to follow the lead of other fiscally conservative governors and advance LB29 and I'm happy to answer any questions.

MOSER: OK. Are there questions? Senator Brandt.

BRANDT: Thank you, Chairman Moser. Thank you, Senator Day, for bringing this. On page 4 of the bill,--

DAY: Yes.

BRANDT: --line 21 through 26--

DAY: Yes.

BRANDT: --it says, "neither the Governor or the Governor's staff shall travel by aircraft when such travel relates to or is in the furtherance of conducting state business."

DAY: Right.

BRANDT: So it's such a generic term, he can no longer get on United to go on a flight to Indonesia for a trade trip?

DAY: OK. We can-- we'd be happy to amend that, sure--

BRANDT: OK.

DAY: --if that's an issue with the language.

BRANDT: All right. That's, that's-- I assume that--

DAY: Right. I understand. I understand.

BRANDT: --wasn't your intent.

DAY: Right. Yeah, that was not the intention.

BRANDT: OK. And then in looking at the fiscal note, where's the offset? Yeah, we sell an airplane--

DAY: Right.

BRANDT: --does he-- and on the back here, they don't have the air miles. So if we transfer those air miles to land miles at 68 cents a mile, there is a cost for the Governor to go to all of those locations unless--

DAY: Sure.

BRANDT: --unless you assume that the Governor is no longer going to go to Scottsbluff and Chadron because he's been restricted from doing that.

DAY: Sure.

BRANDT: So what, what's-- where's your offset?

DAY: We don't have that exact number. But I do know that if we're looking at like a-- when we had some of the numbers of the, the cost of the flight from Lincoln to Beatrice, for example, it's estimated that that in itself cost about \$800. So I would venture to guess that a drive from Lincoln to Beatrice would cost significantly less than \$800.

BRANDT: And you would be correct, except, typically, because Beatrice is 10 miles from where I live, typically, they're hopscotching from Beatrice to Nebraska City, or they're going to Central City as that is just the first leg of a-- of a trip of many stops. He does drive to Beatrice like he did for his town hall--

DAY: Sure, but I think--

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BRANDT: --in that situation.

DAY: --but I think if we're being honest, we know that driving a car is much cheaper than flying in a plane.

BRANDT: And slower.

DAY: Sure, it's slower, but who's paying for that?

BRANDT: Well, what's the value of, of the personnel that travels with him and everything else and there's maintenance on vehicles. Anyway, if you-- if you have a--

DAY: Sure, but I think we're, we're talking about-- it's just like-- well, the whole point here is we're being asked to make cuts in the state budget. Right?

BRANDT: Yes, we are.

DAY: If I'm looking at my budget in my house and I have to make decisions, hard decisions about what I'm spending money on to save money, the very first things that I look at are the luxuries, the expensive stuff that are not necessities. The first place I look at is not feeding hungry-- my kids, is not taking care of my children. It's the expensive gym memberships or the-- or the-- or the extras. To me, if taxpayers can save money, if we can save money anywhere, we have to look at luxuries first. And I think it's being willfully ignorant to say that it wouldn't save us money to drive versus flying. And if it saves the Governor 10 minutes, if he needs that 10 minutes, that's great. But I would also like to save 10 minutes. Nobody-- I, I understand that the Governor is busy, but we're all busy, and I don't think that it's fair when we're looking at the cuts that we're looking at making in the budget, that this cannot possibly be on the table for making serious decisions about where we're spending our taxpayer dollars.

BRANDT: I guess all I'm saying is I'd like to see the offset if we get rid of the airplane,--

DAY: Sure. And we can get that for you.

BRANDT: --assuming he's still, still going on the travel. And you've got a time factor, you've got motels, you got wear and tear on vehicles. All I'm saying is that, that \$3.1 million isn't the total benefit of this. It's less the cost to do it the other way. So anyway, thank you. If you can come up with that, I'd like to see it.

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DAY: Sure. Thank you.

MOSEER: And please offer your introduction while you're at it, Senator Cavanaugh.

M. CAVANAUGH: Oh, Hi. I was going to say Machaela. Hi. Senator Machaela Cavanaugh, District 6, west central Omaha, Douglas County. I'm looking at the, the materials that were handed out and it says in this one-sheeter that operating Nebraska's executive aircraft is approximately \$5.08 per mile, and mileage reimbursement is 67 cents, that 67 cents per mile is to take into account the wear and tear and maintenance of cars.

DAY: Right.

M. CAVANAUGH: OK. So I think that probably helps address that question.

DAY: Very good. Thank you.

M. CAVANAUGH: As far as the hop, skip, and a jump on-- I'm looking at the flight activity that you also shared with us, and it looks like the plane went to-- on May 27, went to Columbus-- from Lincoln to Columbus, landed at 6:46 p.m. and then at 6:53 p.m. left Columbus to come back to Lincoln.

DAY: Yes.

M. CAVANAUGH: And it looks like numerous flights were between Lincoln and Nebraska City that were not then carried over to another flight, was-- went-- flew from Lincoln to Nebraska City on July 25, left at 11:26 a.m., arrived at 11:43 a.m., and then left again at 11:55 a.m., and arrived back at 12:17 p.m. So--

DAY: Correct. It's not always--

M. CAVANAUGH: --it's not--

DAY: --a hop, skip, and a jump of going from one city to--

M. CAVANAUGH: Have to stop at one airplane-- airport to get to another airport.

DAY: Right.

M. CAVANAUGH: It's just hopping on a jet to get to a meeting for 20 minutes.

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DAY: Exactly.

M. CAVANAUGH: And then the Department of-- this Aeronautics is a sub department of the Department of Transportation, which interestingly, in the Governor's proposed budget cuts, which include the Legislature, \$7 million of the Legislature without any direction whatsoever as to where we are overspending \$7 million. But the Department of Transportation, interestingly, has no budget cuts--

DAY: Right.

M. CAVANAUGH: --in the Governor's proposal.

DAY: Right.

M. CAVANAUGH: Just not really a question so much as facts.

DAY: And that's kind of what we were looking at ourselves is, like, where, where are we making cuts? And I think we all agree that if we're going to genuinely do property tax relief, we're going to have to make cuts somewhere. Just where are they coming from?

M. CAVANAUGH: The page program, the Clerk's Office, paper clips--

DAY: Right.

M. CAVANAUGH: --apparently.

DAY: Right.

M. CAVANAUGH: Retirement funds. Yeah. Thanks.

MOSER: OK. Senator Fredrickson.

FREDRICKSON: Thank you, Chair Moser. Thank you, Senator Day, for bringing this bill. I think this is a worthwhile conversation and I think it's important to talk about. Are, are you aware what, what fund is used to pay for travel on the-- on the plane? Do you know where that comes from or--

DAY: I think so. I think in the fiscal note it mentioned, I believe--

FREDRICKSON: I may have missed that.

DAY: So there was some confusion with the fiscal note yesterday because I know Fiscal is struggling to get out fiscal notes quickly

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because of the, the time-- the limited amount of time that we have. But I think they detail some of that in the fiscal note.

FREDRICKSON: OK. I'll review that. I was just kind of curious where, where, where the money was coming from per se. The other question I had was-- I appreciate the transparency with the travel records. I think that's important to sort of view, because I think-- I think there is a conversation to be had about some of what Senator Brandt was mentioning, you know, if there is a long distance flight and urgent need, we do have a geographically large state. But to Senator Cavanaugh's point, there are-- there's just-- there seems to be just based on the, the logs that that's not necessarily what the plane is, is utilized for.

DAY: Correct.

FREDRICKSON: Do you-- do you know if there's-- like, is there a transparent or public process for when it's determined when the state plane is used? Is that something that is-- you know, who makes that decision? Is there an approval process or is that something that just on a whim can be decided by the Governor?

DAY: It, it doesn't appear to me that, that it's publicly available. I'm not saying that it isn't.

FREDRICKSON: OK. Sure.

DAY: If there's somebody here, maybe, from the Governor's Office or from one of the divisions discussed, they may have the answer to that question.

FREDRICKSON: Thank you.

MOSER: Senator DeKay.

DeKAY: Thank you. Thank you for being here today. When it comes to the planes, and we fund the university, too, a large amount of money. Would it be fair to say we should be looking at what the university is using the airplane for and maybe cut back on usage of that plane or getting rid of that one?

DAY: Sure. I mean, if that's an idea that anyone has. I mean, that's not what my bill does, but.

DeKAY: Well, I mean, we're talking about planes and what we're using them for. NPPD has a plane. And I know from personal experience the

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flight patterns of that plane. And a lot of that is used, yes, to carry passengers, carry NPPD executives, but also it saves the company, the organization a lot of money, especially when you're talking about the need for repairs at Cooper Nuclear to fly that plane to new Jersey and pick up parts with other at \$1 million a day to run that company or run that facility and to have that up and going within 24 hours rather than 5 or 6 days, that would be \$5 or \$6 million savings, approximately 4 years, 4 years of cost of the plane, so. And that's a government entity, do we look at getting rid of that plane then, too, or--

DAY: I think you could look at any-- absolutely any option where money is being wasted on transportation, particularly if we're talking about elected officials, publicly elected official state. If the taxpayer is funding that transportation, and if there's a more cost effective way to do it, then yes. If it's a necessity and it's saving us money to be using a plane, great, then let's do that. But I think any option that's available, it should be on the table. The Governor himself said that. Like, we should all be looking at what we're spending money on and how we're spending it and how efficient it is. And, yes, I think any option should be on the table.

DeKAY: Thank you. And then last couple-- I'll pair them together. Senator-- or Governor Branstad and the CEO of GE,--

DAY: Right.

DeKAY: --when they got rid of the planes, did they use more commercial flights? Did they lease planes to do their travel and what were the costs incurred by them?

DAY: So I mentioned a little bit of that in my opening when-- so Governor Branstad sold their state planes in 2013 and they said in an interview with him he had chartered some planes for transportation in that past year since selling the other planes and it had cost the state about \$4,500 on those charter flights. I assume-- I don't know all of the details of what were the other modes of transportation he used, if that was ground transportation or what, but that was part of what he was doing is chartering planes.

DeKAY: And, you know, the other-- the last segment would be if we're within the United States where this plane could be flown to and, obviously, we're not going to go overseas with this particular plane, but the cost of the Governor's security and stuff, booking flights if it is commercial to be-- for security within-- in the same aisles, the

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extra cost of those seats and stuff like that, and make sure security is where they're supposed to be on that plane with him. All that's been considered too?

DAY: Yeah. I mean, I'm not talking about flying from here to, you know, Wisconsin. We're talking about in-state flights from Lincoln to Beatrice or Columbus that are unnecessary and costly to the taxpayers. If it's costing more significantly than it should, then I think it should be part of the consideration in the budget cuts that we're making. Period. And, again, I think it's willfully ignorant to say that it wouldn't be cheaper to drive a car from Lincoln to Beatrice or Columbus than it is to fly a plane with everything considered, security and all of that. It's expensive, we all know that. But that's not what we're talk-- we're not talking about flying from here to wherever on commercial flights. We're talking about in-state travel where we could be saving, literally, millions of dollars.

DeKAY: OK. Thank you.

DAY: Yes.

MOSER: Other questions? Senator Cavanaugh.

M. CAVANAUGH: Thank you. I more wanted to make a clarification that it is actually unconstitutional for us to tell the university to sell their plane.

DAY: OK.

M. CAVANAUGH: However, we could cut their budget by--

DAY: Right.

M. CAVANAUGH: --the amount that they could save by selling the plane. So just--

DAY: Thank you for that.

M. CAVANAUGH: --for the record.

DAY: Um-hum.

MOSER: OK. All right. Thank you very much, Senator.

DAY: Thank you.

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MOSER: Is there anyone here to speak in support of LB29? Anybody here to speak in support of LB29? Is anyone here to speak against LB29? Welcome.

JEREMY BORRELL: Good afternoon, Senator Moser and members of the Transportation and Telecommunications Committee. Thank you for the opportunity to come testify today. My name is Jeremy Borrell, J-e-r-e-m-y B-o-r-r-e-l-l, and I am the director of the Division of Aeronautics within the Nebraska Department of Transportation. And I'm here to testify in opposition to LB29. As the agency which owns and operates the state aircraft, I want to provide the committee with some contextual information about its use and the value that is provided by the state owning an aircraft. The NDOT Division of Aeronautics owns and operates the 2014 King Air C90GTx that was purchased by the Legislature in 2014, following the sale of the previous state aircraft, and authorized by LB1016. This aircraft would be required to be sold under the proposal of LB29, as well as any other aircraft purchased by the Division. For context, as shown in our fiscal note, the aircraft has an appraised value of approximately \$3.15 million and annual cost to service and maintain of approximately \$100,000 annually. However, this bill does not calculate the benefit to the state in terms of efficiency and cost savings to taxpayers, allowing state government clients to travel much more quickly and directly between the far corners of our state. As you know, a drive from Omaha to Scottsbluff can take nearly 7 hours versus an hour and 45 minute flight in the state aircraft. This leads to valuable time savings for state personnel, which indirectly translates to cost savings for the taxpayer when you consider the productivity of the state CEOs who use our flight services and call out for multiple meetings a day across the state, rather than a single meeting requiring multiple days of travel and overnight stays. Please see the handout entitled: Cost Benefit Analysis Examples for State Aircraft Travel, which we have provided. As a reminder, flights on the state aircraft are open for all state government branches, including by members of the Legislature, not just flights of the Governor. All flights must be for the sole purpose of state business. Over the past life of the aircraft, the plane has been flown more than 220,000 miles, spread between 21 different state agencies, including the Governor's Office. This is listed in the second handout in your packet. We've also found examples of at least 40 other states owning aircraft, of which 35 or more provide some level of service transporting state officials for official business. With that being said, I would also like to provide some clarification about some flights you may have heard about in the media, which the Governor has supposedly taken between nearby airports

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such as Lincoln and Beatrice. For the record, this has been misreported and the Governor was not on these flights, but rather these short, short flights were meant as training for the new pilot, which NDOT recently hired. As such, it is more efficient for these training flights to be conducted over short routes, as they are for the purpose of learning specific functions of our aircraft and do not need to be over long distances. I hope this information is helpful to the committee as you consider the benefits of owning and maintaining the state aircraft, and would be happy to answer any questions that you may have.

MOSER: Senator Fredrickson.

FREDRICKSON: Thank you, Chair Moser. Thank you, Mr. Borrell, for being here and for sharing your, your testimony. I do have a few questions for you regarding this and I appreciate your clarification about the, the training of the pilots, that certainly is helpful. If you look at this, though, the vast majority of the log, it, it, it seems to go beyond training. I mean, this is-- I only see one flight or two flights on here that exceed 1 hour in time since, since May of this year. So I think we can all appreciate what you're saying in terms of the geographic distance does make a lot of sense of the scenario. For example, if you have multiple state employees who are flying from the eastern part of the state to the western part of the state, there will certainly be cost savings there. I know-- I have no disagreement with that. My question for you is, can you shed some light on the decision-making process for utilizing the state aircraft, whether or not that's publicly available, who makes that decision, and kind of the thought that goes into that?

JEREMY BORRELL: Yes, the One Hundred Third Legislature, when they contemplated the purchase of this aircraft, they placed some information into the LB, ultimately finding its way into statute that requires us to report quarterly on who travels on the aircraft and where the aircraft is and when the aircraft is flown. That is reported quarterly to the Legislature. It is hosted on the Legislature's website, and can be readily accessed by anybody. So that is the mechanism by which individuals are held accountable for their choices with respect to the usage of the aircraft. We as an organization--

FREDRICKSON: I'm sorry to interrupt. The, the part of the website, you said that's on the Legislature's website.

JEREMY BORRELL: It is.

FREDRICKSON: Where exactly is that at?

JEREMY BORRELL: That is under reports and you select agencies and then it will list all reports submitted by agency and it can be found on there.

FREDRICKSON: Great. And the other part of that, that is-- so that's just a-- it's a-- it's a unilateral decision. To your point, the accountability piece comes in with the report.

JEREMY BORRELL: Yes, it's stated in the statute that it's for the sole purpose of, of government use. And then we work to make sure that as-- if somebody were to call us, we ensure that they are knowledgeable on the fact. Because, again, it's open to all agencies. Agencies have differing levels of understanding of the use of the aircraft, and so we are certain to communicate that this is for the sole purpose of, of state business.

FREDRICKSON: Of state affairs. Thank you.

MOSER: Senator Bostelman.

BOSTELMAN: Thank you, Chair Moser. Thank you, Director, for being here. I have some questions on the fiscal note, specifically. Do you have it in front of you? If you go to expenditures, the second par-- well, first and second paragraph, it talks about Aeronautics Cash Fund and also talks about FAA funds in there. When the aircraft was originally purchased, reading what was handed out previously, it looked like it was state cash funds purchased the aircraft. Is that correct, do you know?

JEREMY BORRELL: The funds for the aircraft purchase came out of the General Fund. That is correct, Senator.

BOSTELMAN: It originally did. So if the aircraft was to be sold now, is there any restriction since in here it talks about cash funds required by the FAA? Would the-- would the sale of the aircraft itself, do you know, would that then be able to go back into cash funds and to General Funds? Would there be any prohibition to that?

JEREMY BORRELL: There is no prohibition to that, Senator.

BOSTELMAN: So in here it talks about-- in the second paragraph, it says: decrease in expenditures goes on General Funds, cash funds, required by the FAA, Federal Aviation Administration, to be kept within the Division of Aeronautics. And it talks about any funds being

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used or federal funds on the next line it says: the Aeronautics Cash Fund includes federal funds and revenue generated from billing. So my question is the federal funds, are those federal funds, does that tie the use, the sale of that aircraft or those funds in any way? Is it-- is it dictated in, in-- does the federal funds through the FAA dictate the use or how we can sell or use that aircraft?

JEREMY BORRELL: That's an excellent question, Senator, and it highlights a couple of things. The aircraft itself, purchased with General Funds, there's no prohibition from those funds going back to the General Fund. All of the other funds that the Division of Aeronautics operates are cash funds. We're a cash-funded organization. We have the Aeronautics Cash Fund, which is funded primarily through aviation fuel tax sales collected here in the state. And that is what the reference to the FAA's--

BOSTELMAN: Federal funds [INAUDIBLE].

JEREMY BORRELL: --oversight tax. So we have an obligation because we are the recipient of federal funds, as well, to utilize those aviation fuel tax funds in a manner consistent with the FAA. So it must be used for a state aviation program or for airport uses.

BOSTELMAN: OK. So further it goes in here-- it talks about revenue generated from billing for the use of the state-owned aircraft. Is that billing, is that from other agencies and departments or is that from others outside of-- so I believe in here at the bottom in the note it talks about all the other departments and agencies that may use it so there is a charge [INAUDIBLE] to use that?

JEREMY BORRELL: That's correct, Senator. So we-- organizationally, we don't pay for all of the flight through the Division of Aeronautics. We bill the using agency \$5.08 a mile, plus any cost for a contract pilot and then any per diem needs for that. And that's illustrated, again, in that cost benefit analysis, how we come about that. So it's important to note that we are recouping funds from the using entity. And those funds are, are offsetting the cost to operate the aircraft. So it's up to the using agency to budget accordingly for their travel needs on board the aircraft.

BOSTELMAN: OK. So there would be no-- we have no prohibition in the sense of if the aircraft would be sold, there is no federal prohibitions as to how those funds may be distributed then.

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JEREMY BORRELL: The, the proceeds from the sale of the aircraft, that is correct, Senator. So we anticipate we-- or we project a sale price of somewhere in the approximate \$3.15 million with a 5% broker fee factored in there as illustrated in the fiscal note. And those-- we have-- we see no prohibition from those being able to be returned to the General Fund.

BOSTELMAN: Thank you.

MOSER: Other questions? Senator Cavanaugh.

M. CAVANAUGH: Thank you. Thank you for being here. The, the flights that you talked about in the log that were training flights, why are we using the state plane to train a pilot?

JEREMY BORRELL: That's an excellent question, Senator. So two things I'd like to highlight there. Number one, it's important to make sure that you're training in the aircraft that you're actually going to be flying. Aircraft can be outfitted with a number of different avionics suites. Our aircraft is outfitted with Rockwell Collins Pro Line 21. Many other King Airs are not outfitted that way. That was how it was purchased from the factory. And so a like aircraft may not have those similar components. And so it's important for those pilots who are operating that aircraft to be trained and current and proficient in that make and model of aircraft. And then I mentioned in my opening that we just hired a new pilot. Our current pilot, who has been with us, he retired from State Patrol and then subsequently came, worked for us. David Morris [PHONETIC] is actually retiring today, it's his last day. So we have been doing training flights to ensure that our newest pilot is current, proficient, and capable of providing safe and efficient government-- governmental transport to all the entities of the state of Nebraska.

M. CAVANAUGH: So the pilot that you're training, had they no experience on this plane?

JEREMY BORRELL: They had experience on similar aircraft.

M. CAVANAUGH: OK.

JEREMY BORRELL: But, again, the specific combination of avionics and equipment that are on our aircraft are what they have been trained on.

M. CAVANAUGH: And how many of these flights are training flights?

JEREMY BORRELL: I don't have the log that you're looking at so I can't speak to that, but I can speak to the, the flight specifically on July 25 and 26, which were most recently highlighted.

M. CAVANAUGH: OK.

JEREMY BORRELL: The flight from Lincoln to Beatrice to Nebraska City, back to Lincoln, as well as the flight from Lincoln to Norfolk and back to Lincoln.

M. CAVANAUGH: When was this pilot hired, that would help determine--

JEREMY BORRELL: His-- to clarify, our, our pilot, who has been on staff for a number of years, also makes regular training flights to maintain currency for things like night proficiency and then just maintain regular currency. So if you look back, there are going to be additional training flights back. The most recent pilot, his first day was July 22.

M. CAVANAUGH: OK.

JEREMY BORRELL: He has been flying with us as a contract pilot previous to that.

M. CAVANAUGH: So July 22 as a contract pilot--

JEREMY BORRELL: Prior to that.

M. CAVANAUGH: --on this plane?

JEREMY BORRELL: Yes.

M. CAVANAUGH: But then he needed to be trained on the plane?

JEREMY BORRELL: He received continual training because we're-- there will no longer be a additional pilot with him.

M. CAVANAUGH: OK.

JEREMY BORRELL: He had had-- previously, had pilots operating with him.

M. CAVANAUGH: I see. So then the flights prior to July 22, there's several in, in June and May, those presumably are not all training flights.

JEREMY BORRELL: I would reference the quarterly logs that are filed that, that would provide indication of who was on those flights, and that would be our determining factor. And I can look back through our records. If you had a specific subset of flights, I would be happy to annotate those and provide an answer.

M. CAVANAUGH: Yes, because I'm looking at the reports-- agency reports that you just mentioned to Senator Fredrickson, and it goes back only to 2021 for--

JEREMY BORRELL: We maintain hard copies on file, and we would be happy to look back if you have specific flights or if you would like a specific subset of information.

M. CAVANAUGH: I mean, I think any of the flights for the past since 2023 that have-- are not training flights, we would like the logs of those to know-- it's hard to know which, which are training flights and which aren't. Like, May 27, there's a flight from Lincoln to Omaha-- or from Lincoln to Columbus and then back from Columbus to Lincoln. Would that have been a training flight?

JEREMY BORRELL: Without knowing who was, was on board the aircraft I can't speak to that, but I'd be happy to get an answer for you.

M. CAVANAUGH: OK.

JEREMY BORRELL: May 27 and any other that you have inquiry on.

M. CAVANAUGH: OK. And then I'm looking at the records that have been submitted and I wrote it down here, but in 2020, there were three flights that were reported to the state. And in 2020-- 2019, there were four.

JEREMY BORRELL: If you'll remember back, Senator, that was around the time that COVID was having a significant impact on all.

M. CAVANAUGH: 2019?

JEREMY BORRELL: 2019-- late 2019 into 2020.

M. CAVANAUGH: But 2019--

JEREMY BORRELL: The amount of travel on board the aircraft does have a tendency to ebb and flow as administrations change, as the plane's usage. We are working diligently to increase utilization on the aircraft because the asset does exist and utilization drives benefit.

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M. CAVANAUGH: And 2018, there was one flight reported. So it does seem like maybe there's more flights happening under the current administration. And I appreciate that you want to use it as a benefit, but it's a-- it's a cost-saving benefit according to your analysis that you handed out. I'm sorry, I have a lot of papers here, but it's a, a benefit when it's those long trips. It's not a benefit when it's Omaha-- or Lincoln to Columbus or to Omaha or to Beatrice. Then it becomes an encumbrance and the cost of maintaining the plane needs to be taken into account. Could we not charter a plane when we need to take those longer, instead of keeping a plane in our-- in stock?

JEREMY BORRELL: Chartering a plane is also significantly-- has a significant cost related to it. And that's something that we can evaluate as far as--

M. CAVANAUGH: A greater cost than maintaining the plane?

JEREMY BORRELL: You would have to look over the life cycle to determine whether or not there are cost savings to be had there. One of the-- having looked at the, the flight logs back through the preceding years to generate the aircraft flight hours data, I, I question whether or not we're looking at the same reports, because I know that there were more flights during those periods.

M. CAVANAUGH: I mean, it does seem like not very many flights.

JEREMY BORRELL: Absolutely.

M. CAVANAUGH: I, I will grant you that, but it's the flights that were reported to the Legislature. So, yeah, anything-- any information you can get us on historical usage of the flights outside of the training. I, I have a family of pilots so I understand the, the training and the significance of the training, and the maintaining the training. But I think we really do need to know what here is our training and discount that from the overall usage. But also it is important to know how often it's being used for training if we have to train-- use it so often for training that that might be cost prohibitive as well. So that information I think would be useful. Thank you. I appreciate you answering my questions.

JEREMY BORRELL: Thank you, Senator.

MOSER: Senator Fredrickson.

FREDRICKSON: Thank you, Chair Moser. One more question to follow up from some prior questions. And I know it feels like we're, we're

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probably-- feels like we're grilling you a little bit here, but we appreciate you being here and answering all these questions. And as you probably know, we've been tasked with looking at ways to find funds this, this session and kind of looking at ways to do that. So I'm-- I, I, I was just thinking about, you know, we were talking about the cost effectiveness when there is long distances of travel, when there are multiple state employees. And certainly I, I-- as I mentioned in my prior questioning, I agree with you on that. My other question is, I, I-- you know, when you-- when you consider the geographic nature of our state, there are many small communities that do not have airports or municipal airports and cases like that where the state plane would be used. So let's say, for example, if he's going to Hyannis or something, you know, would, would a vehicle drive in advance to meet him in Alliance, like the nearest airport to pick him up, or what, what does that look like?

JEREMY BORRELL: Excellent question, Senator. There's, there's a couple of things I would like to highlight in relation to this question. Again, many of the questions here have been focused specifically on the Governor's travel. I would like to highlight that this is used by all-- it is available for use by all agencies in the state. And so the use case differs. In the event that it is the Governor who is flying, he obviously has a security-- executive protection function that participates with that travel and so they will send an advanced member out for that and, and--

FREDRICKSON: Via, via vehicle?

JEREMY BORRELL: They're-- I, I can't speak to how they transport their people, that, that is the, the State Patrol so I'll defer to that.

FREDRICKSON: But not on the-- but not on the plane?

JEREMY BORRELL: They're-- they-- one individual will, will stay with it.

FREDRICKSON: OK. But there would be two separate transportation methods taken to that location?

JEREMY BORRELL: Yes. And the remainder of that question, I apologize.

FREDRICKSON: Yep. Thank you.

MOSER: Senator Brandt.

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BRANDT: Thank you, Chairman Moser. Thank you, Director, for being here. Thank you for the cost benefit analysis. That's exactly what I was looking for. That's all I've got.

JEREMY BORRELL: Thank you, Senator.

M. CAVANAUGH: I just need to clarify.

MOSER: OK. Well, we still have-- we have to be out of here in about 5 minutes.

M. CAVANAUGH: I know, I made a mistake. I need to clarify.

MOSER: Oh, OK. Senator Cavanaugh.

M. CAVANAUGH: I just-- I just realized that in looking at the reports online, they are quarterly reports and so they have more than just the one logged, which makes sense. I was thinking that didn't really make a lot of sense, so just wanted to clarify that for the record. Thank you.

JEREMY BORRELL: Thank you, Senator.

MOSER: Thank you, Senator. OK. Thank you very much for your testimony. Is there anybody else here to speak in opposition to LB29? Is there anyone to speak in the neutral capacity on LB29? Senator Day, welcome back.

DAY: Thank you. And thank you to the Director for being here. To be quite honest, I think some of what he said actually further drives the point home that this is really expensive. We are using taxpayer money even to train the pilots to fly the plane. Right? So, like, we have to think about the overall cost of what it costs the taxpayers to maintain, to house the plane, to fuel the plane, to pay the pilots that are being hired to fly, whether there's 1 or 2, I have no idea, that costs taxpayers money. And we just heard that included in the expense of having the plane is having to also use taxpayer money to fuel flights to train a pilot. It speaks to the exorbitant expense of this, and maybe that frustrates some of you and makes some of you angry, but it's the truth. Some of you in here make this drive weekly. Why does the Governor get to use a plane to do the same thing that you guys do all the time? And I understand that it's not always just the Governor using the plane. There's other state employees that use it as well. But number one, it doesn't matter to the taxpayer, right, they're still paying for it. And number two, the whole entire reason that any of us in this room are here today is because the Governor

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asked us to be here. The Governor made the tax plan that he wants us to pass, including the budget cuts to child welfare, to foster kids. He's the reason we are here today. So that's why we're talking about what the Governor does and how much it costs to use the airplane, and why it's not a good use of taxpayer money. I'm happy to answer any questions.

MOSER: Any further questions?

BOSN: I have--

MOSER: Seeing--

BOSN: I have one.

MOSER: Oh, I'm sorry. Senator Bosn.

BOSN: I don't necessarily disagree with a lot of that. My question would be more, there's a difference between my drive to and from whatever community and the obligation that we want our Governor to visit a lot of those western Nebraska communities.

DAY: Sure.

BOSN: And I, I don't think we can oversimplify it as he should just drive and that's all because I think we want someone who's saying, I want to go to Ainsworth, and I want to get to Kearney, and I want to get back to Lincoln so I can do these meetings and really make the time for those. So-- and, and not that you intended that, but I don't want it to seem like we're cutting off the western half of the state by saying he should just drive when I think a lot of times he probably should drive and probably-- maybe he probably does, I don't know. But it's important that those constituents and those individuals in western Nebraska and in smaller communities have that face time with their representative. It's as important to them as it is to us who live in Lincoln or Omaha.

DAY: Absolutely. And I, I totally agree with you on that. That's the Governor's job, right? But I also think that it's important to have a Governor that's a good steward of the taxpayer dollars.

BOSN: Sure.

DAY: And if he can do it in a cheaper and more efficient way, then he should be doing it that way, right? I mean, it's just as simple as that. You know, we want him to go wherever he needs to go in the

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state. But also, again, when we talked about Terry Branstad in Iowa, they sold the state plane and he was still able to make his way across the state for \$4,500 in that-- in that year.

BOSN: Do you know what other, other agencies were also-- was the Iowa state plane also being utilized by other agencies? I don't know the answer so it's not a loaded question.

DAY: I believe-- I believe so, yes.

BOSN: OK.

DAY: Yes, they had three planes. So they sold all three of them. So I would assume that there would have been more than just the Governor using the plane. Yes.

MOSE: OK. Thank you very much--

DAY: Thank you.

MOSE: --for your comments and for appearing before us today. That will bring our hearing to an end. And we'll clear the room for-- or at least the front desk for the next hearing and--