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Transportation and Telecommunications Committee
August 14, 2007

[LR90 LR180]

SENATOR FISCHER: Good morning, and welcome to Transportation and Telecommunications hearing. I'm Deb Fischer. I am the senator from Valentine, the 43rd District, and I'd like to welcome you all to Valentine, Cherry County, and the 43rd District. I appreciate that my fellow senators have made the trip to be up here. It's always good that we get out and see each others' districts and gain a better understanding of the diversity in this state. So I do thank them for making the commitment. It's a two-day commitment. We had a hearing yesterday in Atkinson, too. And I'd like to thank all of you for making the trip. We have Saunders County and three of my local counties represented here, and we have some people from Lincoln, too, and I do appreciate that. Thank you very much. It is a pleasure to have an interim study here in Valentine, and I would like at this point to introduce my fellow senators that are present today. On my far right is Senator LeRoy Loudon. He is from Ellsworth, Nebraska, to our west. Next to Senator Loudon is Senator Arnie Stuthman, the Vice Chair of the committee; he is from Platte Center. To my immediate right is Mr. Dusty Vaughan; he is the committee counsel. To my immediate left is Mrs. Pauline Bulgrin, and she is the committee clerk. To her left is Senator DiAnna Schimek from Lincoln, and we are also joined today by Senator Rich Pahls from Millard. He is not a committee member, but he has a resolution up today and sincerely appreciate that he has made the trip here to be here with us. I'm sure many of you are here to comment today on his resolution, and that is always important for us. Now I need to go through the housekeeping things. Would you bring those for me, Pauline? The order in which the committee will take up these legislative resolutions is posted on the agenda, and there is a green sign-in sheet, so you need to fill out that form only if you actually testify before the committee. Please sign your name, complete address, and indicate who you represent regarding these legislative resolutions on which you wish to testify. And please hand in that green sheet to Mrs. Bulgrin before you sit down at the table to testify for us. There is also a yellow sign-in sheet for those who wish to indicate their presence regarding a particular legislative resolution without publicly testifying. This will be

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labeled as an exhibit, and it will be part of our official committee records. If you have a prepared statement, please make it available to the committee members so that we can follow along and have it inserted into our committee record. Written materials may be distributed at the hearing to committee members only has exhibits while testimony is being offered. If you are following other testifiers, we would appreciate if you listen to their comments and try not to be repetitive. At this time I would ask that you turn off all your cell phones so we are not interrupted during our hearing. With that, I will open the hearing on LR90, and Senator Pahls is here to give the introduction. I do need to let you know that if you need to use the restrooms here in the library, you need to pick up a key at the library desk. The red rope is the ladies' restroom, and the black rope is the men's restroom. So welcome, Senator Pahls. [LR90]

SENATOR PAHLS: Yes, you talk about restrooms just before you talk about me, right, Senator? (Laughter) [LR90]

SENATOR FISCHER: Just getting you prepared. [LR90]

SENATOR PAHLS: Well, before I start my talking about this resolution, I'd just like to tell a story or two, if that's okay? [LR90]

SENATOR FISCHER: Certainly. [LR90]

SENATOR PAHLS: Yesterday when I was driving up the highway, when I went past Bassett, that brought back some memories. And one of the memories that...and actually, it had something to do with Valentine and Ainsworth. Many years ago I taught at Wayne State, and we would have off-campus classes at Bassett, and we'd have a lot of teachers around from this area. And one thing I always found after listening to them, I really felt a lot of common sense came from those individuals who were teaching the children up here. And I was also glad to see...I think they reopened the hotel in Bassett. I think for a while they closed it. That really...I don't know if you've ever had the

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opportunity to stay there. You need to stay there because I'm telling you, the wallpaper, they say, is still from the days of, you know, 50, 60, 70, 80 years ago. It's really interesting, very intriguing. So it's a little neat part of the community. Another thing, yesterday I probably should have mentioned when I was at Atkinson, because I do think we need to let people know what great kids we do have out in this area. About a year and a half ago I was at the med center, and they were trying to...you know, they were trying to educate the senators, and I was there by myself at that time. So they took me into this one room where this young man was showing me how they're using robots inside your body--you know, the camera and all this. And I...man, I said, I mean, I'm sitting there with my mouth open like this, because this kid, could have been my son, just because of his age, not his intellect (laugh). But anyway, I was amazed at him. He was telling me all this kind of good stuff, and I'm looking at this and I said, where did you go to school? He said, well, I went to the med center, then I went off and did graduate work. I said, where did you go to high school? He said, you probably...you wouldn't know this, because you know, he thinks I'm from Omaha, I wouldn't know this. So he said, oh, I went to West Holt. So we have kids all over, so sometimes, you know, in our discussions of Class I's, you know, sometimes it just makes you...you need to rethink some of those ideas. Well, now back to one of the reasons why I am here. My name is Rich Pahls, and I do represent District 31, which is actually the Millard of Omaha. But I do want to let you know I did grow up in a small town, so I do know...and my dad did have a business in a small town, so I do understand the life of a small town, to some degree. And that leads me into, when we talk about diversity, what I'm asking here is probably for a little diversity in how we license cars, trucks, etcetera. I'm going to change my testimony a little bit from yesterday. I want to ask, when you buy a new car, wouldn't it be nice--or a truck or something--to be able to do it all at one place? Let's say if you're a car dealer, wouldn't it be nice if I could just go there and get it all done right there--my tags, title, whatever? Wouldn't it be nice if I could just simply go on the computer? I know Douglas County right now is looking at that. I could do all this work on the computer. I would think that would be a nice thing, because most of us are becoming more computer literate. Or if I were in a larger city, would it not be nice to go

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to a shopping center and there be a kiosk there, and I could just go up there and do all my work, right there? And somebody asked yesterday, how would that be staffed? Well, let's say, for example, somebody from the county, the department, that office would be there for a period of time. To me the person gets paid in the building that they're working at, or they get paid in this little kiosk. I think even for the business people they'd like that, because that might even generate more people coming in doing some more shopping, in some areas, because...and I do know the state is...we have different needs. I could see...or simply picking up the telephone--how simple that would be. And the ironic thing about this, the majority of these things you can't do in the state of Nebraska, but if I'm in other states, I could do this. So this is not something brand new that somebody...a pie in the sky, nobody knows anything about. These things are already happening. We are one of the few states that you just have basically maybe one or two options. And I'm just saying, let's try to take a different approach. And instead of...many years when I was a school administrator, I would be talking to some teachers, and I was always...for a while, well, we can't do this. I said, no, sometimes if we just...just let's find a solution. So that's how I'm asking us to approach this. And I would not say we would mandate these things. In fact, I think right now we need to start taking a look at some of the things that we mandated, because I do truly believe our mandates have caused property taxes to go up. You know, they sound good in theory, not particularly on this issue, but some of these things that we're requiring of people...we sit at the Legislature and say and sort of make these mandates, and it does affect the property tax. I do think we need to look at that. So that's why I'm not saying that this should be a mandated thing. And some people may say, well gee, Rich, did you just wake up one night and just come up with this idea? No. In my area--of course, it's a metropolitan area and we get an awful lot of people moving in from other states, and this is what they told me, that they thought when they had to do those things in the state of Nebraska...of course, they were concerned--number one, property tax--about the taxes. But they just say, why do you make it so difficult when something can be made simpler? So that's what I'm looking at. Let's find a solution or solutions that would make people not think of government as red tape. How many times have you heard that, or I stand in line and that person doesn't

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appreciate now. I know that's another issue, but cutting out the red tape sends a message to the people, to our constituents, that we are trying to take a businesslike approach to government, because you know we hear this a lot--if you'd only operate more like a business, you know. And that leads me to one more thing, I just (inaudible), because most of us know how to use an ATM, probably too easily. But there are states that have set those up. You know, you just sort of go to it like it's an ATM machine. You have your social security number. You have your...you need your insurance. You need all the documents that you currently have, and you plug them in, and it spits it right back out to you. So that's...and I mean, that's probably avant garde type of thinking right now, but I think there are states that are doing it. Like I say, we're not recreating something brand new. I think if we could, as I heard the word yesterday, use the best practices throughout the United States. You know, again, simple--look at the costs. Let's not make it cost...well, let's make it cost effective, and let's get away from the concept that government actually is red tape all the time. I'm open to any questions, if you... [LR90]

SENATOR FISCHER: Thank you, Senator Pahls. Are there questions? Senator Louden. [LR90]

SENATOR PAHLS: Yes. [LR90]

SENATOR LOUDEN: Thank you, Senator Fischer. Senator Pahls, I wasn't at your hearing yesterday, but...and I think this one-stop shopping probably has some merit. How...have you researched how it would be if you bought a car in Lincoln and you lived out in Scotts Bluff County, or Sheridan County, or someplace? How would you pay your taxes and everything? Would that be all sent back to those other counties and the title registered back in that county, or how would you do that? Or would you just pay your taxes, get your title, and it would be up to you to go back and record your title in your own county? [LR90]

SENATOR PAHLS: You know, if you don't mind, I'm going to let the director, because

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she has a very good answer to that, if you don't mind--I'm not trying to move it off...
[LR90]

SENATOR LOUDEN: Okay. I was just wondering if you had done any research into the process to do that. [LR90]

SENATOR PAHLS: Yeah. She has...right, and all that information basically...a lot of the information that I...was from our national conference of state legislators. There's an awful lot of information on this issue out there. But to be honest with you, not copping out on that, but I think the director could speak really more effectively to that question than I could. [LR90]

SENATOR LOUDEN: One other question. As you remember, about what? Twenty years ago, I suppose it was, maybe--maybe a little longer; time does fly. But Nebraska, South Dakota, I know for those two, were states that people were using to launder titles on stolen vehicles, and I'm wondering if that would have any...if that would, I guess, make...if this thing would make it so that Nebraska would be back into that mode again, of somebody could launder their titles of stolen vehicles through there, by just going on line or going, you know, to local car dealers. Could you get a disreputable car dealer some place that would ship them in, you know, launder the titles and send them on through? [LR90]

SENATOR PAHLS: Well, we all know that there will always be people out there to beat any system. We know that happens all the time. But right now, I think there are 20-some states that do that on line. So I think by picking out those states that have done a credible job of setting this up, it probably would be our answer, if we'd have...but I understand what you're saying, because I don't care how smart you are, there's always somebody out there who's trying to, you know, get around the system. But I believe, after listening to the testimony yesterday, that that can be stopped. [LR90]

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SENATOR LOUDEN: Okay, thank you. [LR90]

SENATOR PAHLS: Yeah. [LR90]

SENATOR FISCHER: Other questions? Senator Stuthman. [LR90]

SENATOR STUTHMAN: Thank you, Senator Fischer. Senator Pahls, I think the concept of having a one-stop, have the dealer and take care of everything, is a good idea. The only problem that I see is, you know, we've got the large dealers in the metropolitan areas--Omaha, Lincoln, Fremont--there. There are large dealers, which they sell, you know, many cars a day. But...and I can see where they can employ somebody, maybe, to help with that and have a county official there. But how are we going to do that, you know, out further in the western part of the state, where maybe they sell one or two a week on some of those smaller dealers. That is where I think we have to be careful because, you know, Nebraska is so different as far as the population is all east of 48th in Lincoln, and not very much west. [LR90]

SENATOR PAHLS: Yeah. That's why I would say you'd be very careful how would you mandate that. I mean, that's why I would say you would not mandate it. [LR90]

SENATOR STUTHMAN: Yeah. I will agree with that. I just think we got to be very careful so that we don't mandate something that drives the people to Omaha and Lincoln to buy their vehicles, or to Blair, and they get the one-stop shop and they've got it all done, and then that really makes it worse for the communities out west further. [LR90]

SENATOR PAHLS: Right. Do you not have Ernst and Ernst? [LR90]

SENATOR STUTHMAN: Yeah, um-hum. [LR90]

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SENATOR PAHLS: And I've met with them, not on this issue. [LR90]

SENATOR STUTHMAN: Yeah. [LR90]

SENATOR PAHLS: Right. The last thing we want to do is take away. But I have a feeling that (inaudible) would do that. You know, it is almost a little scary what is happening, because let's say in the city, in Omaha, you want to go to four or five dealers who are selling the same vehicle. You (inaudible) to get the best deal. I went to...I can't...I don't want to name them. I went to this one, I said, oh, I got to go to the other ones. He said, well, we own them. There's actual (laugh), you know, and I think you talked to one of the lobbyists here today. It's really amazing how many dealerships with this name--I'll say Baxter. Well, Baxter no longer owns it, but whoever owns Baxter owns several other of the same dealerships, and of course, we have one in Blair who is all over. I mean, so I understand that concern there. That's one reason why I'm trying to emphasize it's not mandated in here. [LR90]

SENATOR STUTHMAN: Okay, thank you. [LR90]

SENATOR FISCHER: Other questions? Senator Schimek. [LR90]

SENATOR SCHIMEK: Thank you, Madam Chair. Just a comment, Senator Pahls, and I like your idea. I think we really do need to look into it, and I think we'll hear some of the few pitfalls, maybe, from the director. But I have to comment on your running government like a business, and you know, I don't think business is in the same mode as government is. Business worries about its bottom line, and that's not what...I mean, government has to be efficient and so forth, but I think of all the times I've been on the phone for maybe a half an hour on hold, waiting for some big business to answer my phone call, answer my questions. And I don't think business always runs very great or very efficiently, either. So yeah, we have our problems, government has their problems, but I'm not sure that running it like a business is exactly the right idea, either. [LR90]

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SENATOR PAHLS: And let me respond to that a little bit, and I believe what you're saying. Sometimes I get frustrated when people are...like I say. But that's the perception out there of many people. And I agree that government, we look for efficiencies, not necessarily run...emulate business in all senses. I'm not arguing with you at all. [LR90]

SENATOR SCHIMEK: I just...I keep hearing that over and over, and I think, oh, is that what we really want? Is that what government is really all about? So anyway, I just had to comment. Thanks. [LR90]

SENATOR PAHLS: Yeah. I appreciate that. [LR90]

SENATOR FISCHER: Senator Pahls, I represent a number of counties, as you know, and I have a few of them here today. We have a problem along the northern tier of my district, the counties there, with people going to South Dakota to register their vehicles. If we would have a one-stop at the car dealership, do you believe that would help in registering vehicles in the proper state where they should be registered? [LR90]

SENATOR PAHLS: To me, it's...if I buy my car here and I pay for it here, that would mean there's no chance of moving someplace else. The only thing, you have to be careful, because then, as Senator...(inaudible) would say, you're Band-aiding it. You see what I mean? If I would say the dealers up here...but I think we'd be surprised the number of dealers who would be...I think they would want to do it, because there would be a fee involved, of course, you know, so there would be some money there. [LR90]

SENATOR FISCHER: Have you spoken to car dealers specifically about this idea? The information we received yesterday, where dealers are doing it in other states, the numbers seem really low. I think in Maryland it was over 500 registrations done through dealers. That's really a small number, and I asked the question yesterday, is it worth the set-up costs? Is it worth the paperwork to do it for that small amount? [LR90]

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SENATOR PAHLS: Well, it's my understanding in some of these things, the dealer would be picking up most of that cost, you know what I mean? [LR90]

SENATOR FISCHER: Well, we all know the dealer is going to pass it on to their customer. [LR90]

SENATOR PAHLS: Right. Yeah, and I can't disagree with that. But also would say that there are probably a handful of dealers who really make a lot of sales in the state of Nebraska, and you know...because I even think the one from Blair, he even goes out throughout the state, does he not? I don't think he's in a (inaudible) house. I don't think he just stays in Blair. I mean, I've been told that sometimes he takes vehicles out on the...out into the country and sells them. I don't know...I mean, I don't...I shouldn't even be saying that, because I don't have...but yes, I have talked to some dealers about this, because like I said, I had the opportunity to purchase a number of vehicles recently. And I usually talk to the salesperson. I say, hey, what about this? And he says, well, you know, we're always...we're looking to service the people, and this can be a service, he said, that's a plus for us, because if you like us and we do these things for you, chances are, selfishly, you going...you know, they want you back. They say, just one more reason why you may come back, you know, so. [LR90]

SENATOR FISCHER: If...getting off the dealers handling the renewals and registrations, if you set up kiosks in shopping malls, that may work in more populated areas of the state. Would those be county employees, then, that would run those, and would counties need to hire more people in order to run those? [LR90]

SENATOR PAHLS: Well, as I see it, because I just was in, this last month, into one of the county places in Omaha, and what I would see...logic would tell me, because I don't know the inner workings of it, but I saw...a number of people were, you know, behind the counter, and if you'd pull one of those people, let's say that you're...and I'm just

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saying--I'm using Omaha because I'm familiar with it. Oakview Mall--if you would have one of those at a kiosk instead of standing there, I think you'd be surprised at the number of people. You know, it would take awhile, probably, for people to fall into that. But I...do you...I get frustrated standing in line at a grocery store. Do you notice how fast most grocery stores, when they see the line, they...we need somebody up at lane seven. They know that people get frustrated standing there, and I have had the opportunity to see the frustration, to some degree, in Douglas County, just because of my desire to keep buying vehicles, you know. [LR90]

SENATOR FISCHER: Those children of yours. [LR90]

SENATOR PAHLS: Right. Yes, they just, you know. [LR90]

SENATOR FISCHER: Okay, thank you. [LR90]

SENATOR PAHLS: Yes. [LR90]

SENATOR FISCHER: Any questions? I see none. Thank you, Senator Pahls. [LR90]

SENATOR PAHLS: Yeah. Thank you. Yeah. [LR90]

SENATOR FISCHER: At an interim study hearing we do not take testimony from proponents or opponents. We just are gathering information. So at this time I would invite anyone who would wish to provide information and comment on this resolution to step forward. [LR90]

BEVERLY NETH: (Exhibit 1) Thank you. I didn't make extra copies for today. I thought...I hope you have your testimony from yesterday. But I do have a copy for Senator Loudon. [LR90]

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SENATOR LOUDEN: Thank you. [LR90]

SENATOR FISCHER: Good morning. [LR90]

BEVERLY NETH: Good morning. Chairwoman Fischer, members of the committee, Senator Pahls, I'm Beverly Neth, B-e-v-e-r-l-y N-e-t-h, director of the Department of Motor Vehicles. I'm here today to provide you with information pertaining to the Department of Motor Vehicles' vehicle titling and registration system, what we refer to as VTR, as well as other matters related to how Nebraska titles and registers motor vehicles. During the mid-1980s it was recognized that there was a need to automate the business processes associated with titling and registering of motor vehicles. In 1989, legislation was passed that required the development of VTR. Deployment of the system began in the early nineties in those counties that volunteered to use the system. During 1993, legislation was passed that mandated that all county clerks and treasurers utilize VTR for January 1, 1996. The last county to implement VTR was Douglas County in 1997. VTR is an AS400 system. I'm going to give you a little tech-speak for a little bit here. AS400s are servers that reside in each county on which local data is stored. At the time of document issuance, title and registration data is transmitted to the state's mainframe system, and that mainframe essentially rests within a building close to the state capitol. It is where we house the database, the overall state database for titles and motor vehicle records--fee data, all the fees collected, taxes collected, remain at the county level on the county AS400. Whenever the department wants to...from time to time we're requested by senators to gather specific fee information, and it's kind of onerous for us. We have to go out and query every one of the 93 servers and bring that information back into county 94, which is the DMV. And so it could be somewhat difficult with the system we have right now. The mainframe system is the source of vehicle information. It's the source that's integrated to by law enforcement. Other governmental agencies receive out of or integrate to our mainframe system, as well as it's how we produce vehicle records for citizens and for miscellaneous businesses. VTR integrates packaged, a manufacturer's suggested retail price, or MSRP data. The DMV purchases

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this, the software, from two different vendors. MSRP data is used in the calculation--the tax calculation process--and the source for the manufacturer-supplied vehicle identification number, VIN, and the VIN really is kind of the linchpin to title issuance and registration. Even before the system was in use statewide, enhancements were being deployed. In 1992, the one-stop process was incorporated into VTR. This allowed counties to move titling, assessment, and registration process into one county; namely, the county treasurer. In 1997 the Legislature added motorboat titling to VTR. In 1998, the Legislature moved from an ad valorem taxing of motor vehicles to the current taxing methodology, which is kind of a complicated thing. But what you do is, you use the MSRP to determine the tax base of the vehicle, as well as the VIN. You multiply the tax base by the fraction that corresponds with the age of the vehicle, so the older the vehicle gets, the descending taxes that are paid. The current taxing method removed the county assessor from the VTR process. There are currently 61 counties in which the clerk titles the vehicle and the treasurer registers the vehicle; in other words, they collect all the fees and taxes and they issue a license plate, as well as your registration document. A list of the counties is attached as Attachment A to the testimony you have. In those counties a resident goes through essentially the following process: The resident applies...when they purchase a vehicle, they apply at the local county clerk for a Nebraska certificate of title, and they do this by presenting various paperwork. If it's a brand new vehicle, you're going to have what's called a manufacturer's certificate of origin, or an MSO. The dealer will have assigned that vehicle to the purchaser, there will be a Form 6 for sales tax collection. There could be...if there's a lien, there's going to be lien documents, as well. Probably the vehicle owner is not going to have the title if there's a lien. That's probably going to be sent directly to the clerk. After approval of the presented paperwork, and that's done by the titling clerk reviewing the paperwork, a payment of a \$10 fee for the title is paid. If there is a lien, it's an additional \$7 fee, and a title is ultimately issued. The county clerk enters the data using...and issues the title using VTR. The title is either provided to the customer...if there is a lien, it's mailed to the lienholder. The customer then goes to the county treasurer to pay the sales tax and to register the vehicle--plate the vehicle. The county treasurer enters the title number

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into VTR, the vehicle information that was entered by the clerk's office is retrieved, and the treasurer assesses the vehicle to determine the motor vehicle tax. After assessment is complete, the treasurer proceeds to the registration process, where the registration fee is determined based upon license plate type--and in Nebraska there are approximately 50 different plate types--and weight, if applicable. The treasurer collects the sales and motor vehicle tax, registration, and motor vehicle fees, license plate fees, and assigns a license plate number and issues the registration document. With the integration of the motor vehicle insurance database in 2004, the treasurer also verifies the insurance during the registration process. This verification just happens kind of behind the scenes. It's not really something the treasurers much to get that verification; doesn't require a lot of intervention. What happens essentially is if there is no motor vehicle insurance for the vehicle that's being titled and registered, then a screen pops up and says, you want to check...no insurance on file, you want to check additional information. In the 32 one-stop counties, this is the process. Essentially, it's the same thing, except for you're only going to the county clerk to do...or to the county treasurer to do the entire process, so the treasurer handles top to bottom title, registration, license plate issuance. In addition to the above described process, county clerks and treasurers in one-stop counties are also responsible for the issuance of duplicate titles, titles for ATVs and minibikes, and motorboat titles. County treasurers create, print, and mail renewal notice postcards to all registered vehicle owners annually on the registration's expiration date. They also calculate and provide refunds and credits to motor vehicle owners that sell or trade in their vehicles or who move out of state. County clerks and treasurers collect and refund all fees required as a part of the title and registration process. VTR includes all of this functionality. It's not done outside of VTR--it's all done within the system. In addition, month-end distribution of fees to the appropriate entity is required. There are approximately 25 state funds that receive money through this process. Statewide there are over 1,680 county and local funds that receive money through the registration/titling of motor vehicles. The fee distribution is also incorporated into VTR. Once again, it's not done outside of VTR. There are approximately 2.1 million registered vehicles in Nebraska. In 2006 we issued 675,000 titles, 213,000 liens were

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noted, and 172,000 liens were released in 2006. And that roughly is about an average year's worth of business for the clerks and treasurers and the DMV. In 2006, through VTR, approximately \$480 million was collected and distributed to various state and local governmental entities. I've attached a spreadsheet, as well--it's Attachment B that's in your packets--that talks about the fee breakouts, where those fees go, or actually, more to the point, what the amount of fees that are collected and how those are distributed. I certainly don't have 1680 entities listed on that spreadsheet, but that information...there is some other information as well, pertinent to the registration of motor vehicles. The DMV pays for terminals and printers used in motor vehicle titling and registration in both the clerks' and the treasurers' offices. Treasurers have 362 printers and 262 terminals. These are terminals that are used--actually enter the information. And right now those are what we call--unfortunately, this is a very, very bad phrase to use, but this describes the type of terminal it is--it's called a dumb terminal. It essentially...it's not a PC. It has very little brain in it. It does what it's programmed to do, and that's about it. Those terminals and that technology is very, very out of date. As a matter of fact, we can't even get terminal replacements any more. Clerks have 70 printers and 92 terminals. The DMV pays a monthly leasing fee for all the equipment. We pay it to the DAS-CIO's office, and our annual budget just for leasing of the equipment is \$300,000. Additionally, the DMV pays \$630,000 annually for the support, maintenance, and replacement of the AS400 server system associated with VTR. The DMV's communication charges associated with VTR are approximately \$200,000 a year, and our data processing costs are \$65,000 a year. In addition, we pay nearly \$100,000 a year to the CIO's office for programmers, who do various programming for the department--statutory changes and other in-house changes we might be making to VTR. The DMV provides all applications, certificate of titles, registration, renewal notice postcard forms for use by the county. There are approximately 60 different forms that are used during the titling and registration processes. The annual cost to the department is \$165,000. Sales tax forms that are used for the collection of sales tax are provided by the Department of Revenue. In-house, the DMV supports a VTR administrative support and help desk staff of nine, and an IT staff of three. Overall, the department's annual budget associated with VTR is

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roughly \$2 million. It might be of interest to you to know that out of all the taxes and fees you pay when you register your...register--this isn't titling and lien fees; they're split differently--but your registration fees and your tax fee--\$1.50 of that flows back to the Department of Motor Vehicles. Roughly...a little over \$3 million a year comes back to the department to maintain VTR. Now you might say, that's a million dollars more than you need, but the fact of the matter is, is not everything the department does has a fee associated with it. So our fees are really not tied directly to a cost. They're tied to what it takes to run the entire agency. So overall, there's a little bit more, but I think it's kind of staggering to people when I say, out of all that you pay, \$1.50 comes back to the department. So that's not a big part of what's being paid. Since VTR's inception, significant changes in titling and registration process have been layered onto the original system. There are a number of them here that I've listed in my testimony--as a matter of fact, 14. Some of the bigger ones that I haven't really talked about were the additional specialty plates that have been implemented over the years--in '97, in 2000 and 2005. We add additional registration fees that we collect for local entities and state entities, as well. A recent one was the addition of the Emergency Medical Services fund in 2001. In 2002 we changed to alpha-numeric license plates, which was a pretty big change, for the three most populous counties. We added ATV and minibike titling in 2003. Also in 2003 we implemented the flat plate, which has...it's sometimes not received all that well, but it has its value. We do...we modified the system to do note liens and issue duplicate titles in any county, rather than your county of residence. We implemented salvage title legislation. In 2004 we created the motor vehicle insurance database, and most recently, in 2005, we moved from a three-year plate cycle to a six-year plate reissuance cycle. VTR is now 14 years old, and the current application and everything associated with it really is rapidly reaching the end of its useful life. The DMV continues to assess the needs of our many customers to determine enhancements that could be incorporated into the VTR process. Some of these enhancements that we've looked at and that we're attempting to implement include the National Motor Vehicle Title Information System, NMVTIS. That allows jurisdictions to verify the validity of titles prior to issuing a title. Senator Loudon, this goes right to your

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point about stolen vehicles. NMVTIS is really...is a federal initiative. The Department of Justice sort of carried the ball on it. And the idea was that you'd have a database of vehicles, essentially a pointer system in which all motor vehicles in the country would rest, so that if a title is issued in California and that vehicle gets to Nebraska, we can actually go check the title against the actual record of that vehicle in California's DMV. So you get...there have been a number of instances where people...where titling clerks really have found stolen vehicles. As a matter of fact, Nebraska...we've been sending our data to NMVTIS for a long time. We don't use NMVTIS in Nebraska, but we do send our data there. So other states that are using NMVTIS can see Nebraska's specific data. And just the other day we managed to, using our information in NMVTIS, caught a cloned vehicle, which is essentially someone stealing a VIN from a vehicle and putting that...giving that to another vehicle to steal the vehicle. And so it was really kind of an older vehicle, but in that instance, a person--I'm not sure if they've been apprehended yet, but certainly that is one instance of not even really using NMVTIS, and we've managed to find a cloned vehicle. We've looked at VTR in incorporating the in-transit process into VTR. Right now a vehicle that is purchased, you drive away with your in-transit sticker, and that vehicle technically is not in the VTR system. It's not there for law enforcement to see, and it's not really there for us to track. Now I know that there is some sales tax information that's out there, but that...the department's system is not really integrated to the sales tax piece in Revenue, at this point, anyway. And speaking of sales tax, we continue to look at the collection of sales tax and how that might be done better in Nebraska. We've looked at including bar code technologies on documents generated by VTR, and of course the use of PC technology to create a user-friendly interface and to provide for future flexibility in the state. We have for quite some time focused on providing direct taxpayer access to government using on-line services. The catch phrase that's used around the country is, get out of line and on line. And many DMVs use that. It's a good line, if you can carry it off. We are, admittedly, behind the curve on our on-line technologies. Many states have been delivering access to motor vehicle renewals, generally, on line for quite a long time. One thing I do want to speak to, to really kind of clear up is, there's not a way to title on line. When you talk

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about titling and registering on line, it really is only motor vehicle renewal registrations that you're talking about, because the title, there's still paperwork associated with a title. Someone still has to see that the title is being transferred appropriately according to state law, and that all the paperwork associated with that title is there and it's available. Even when you talk about the dealer transaction, you're not talking about dealers not seeing that. They would be the one responsible for reviewing all of that title documentation, and the dealer ultimately would be responsible for retaining that title information. Right now the retention statutes call for counties to retain title information for five years. Unless that is changed, dealerships would also be retaining title information for five years. Now how you retain that, right now people retain hard copies. It doesn't mean that couldn't be retained by scanning those and making PDF files out of them and attaching them to a motor vehicle record. There's all kinds of ways to store information these days. The department has implemented...a while ago we implemented an imaging system in our financial responsibility division, and we essentially...when I came there, there was a room about this big of filing cabinets, space that was taken up with filing cabinets. We have no filing cabinets any more in that particular division. We've upgraded our imaging system, and my goal is to take it across the agency and really do away with filing cabinets. Your file will be on your desktop in your computer. Anything that we retain as pieces of paper will be put in a file and taken to record storage off site. Our space is very valuable inside the state office building. We pay a lot of money for it, and it's kind of a waste to have filing cabinets sitting there when there's technology that can do these kinds of things. So we are constantly looking for ways to do our job better and the ways to...I'm not sure...it did reduce costs in the financial responsibility division. Implementing the imaging system and the automated reinstatement work file allowed us to reduce seven FTE. So there can be cost savings if you implement technology right, but you have to change your business process, too. You can't take very expensive technology and layer it over the same old process. You'll lose out. You can do it, but you'll certainly lose out on the efficiencies that technology can give you. We've also done things like look at the electronic lien and titling program, and once again, when we talk about electronic titling, that's merely a phrase about how

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a record is stored. There will always be a...and Loy Todd referred to this yesterday, and he's absolutely right: As long as there is transfer via a piece of paper, there will always be paper titles, certificates of titles. It merely...an electronic titling system is merely how you store that record for the owner until the owner wants to transfer the ownership of that vehicle. So it's not...the department has never really envisioned a...I mean, we envision it on a much grander scale, an electronic title. But when we talk about it in this day and age, what we're talking about is how we store that record and what the owner of that vehicle walks away with. Rather than a certificate of title, they might walk away with a receipt. The actual ownership document is stored in an electronic system until such time as the customer wants it, and then it's printed and given to them. So it's kind of a...so maybe a bit of a misnomer to use the phrase, "paperless title." And that's something I left behind awhile ago. I don't use that phrase any more, because I think it is a little bit confusing for people. We also do one-stop processing at the county level, and I talked about that. Implementation of one-stop across the state would certainly benefit, reduce costs, and I think benefit the customers in the long run, because you're not, at least in that point, you're not going to two different county offices. And then most recently, with Senator Pahls's legislative resolution, we began looking at no-stop processing--essentially no contact with government, as you think of government, but contact at the dealer, only with the dealer for titling, registering, and the issuance of plates. There are...I did some investigation into it. There are 21 states that currently allow motor vehicles to conduct some part of titling and registration process. Three other states are scheduled to begin the process this year. This practice is commonly referred to as automated registration, titling, and/or inquiry services. This is not a state developed system. It does not replace...it would not replace our VTR system, and it didn't replace the titling and registration systems in any state that's using it. In this instance it doesn't remove the counties from the process. It wouldn't remove the counties here, and it didn't remove...in those states that have it, it didn't either remove their agent or the DMV from the process. The other thing about it is, it's not mandatory for you, the customer or the dealer. One of the things, Senator Fischer, to go to your point about the registration compliance issue along the border, because it certainly

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could help with that, but because it would still be up to the customer to decide whether they want to conduct that transaction, the people who are savvy enough to know that it's going to mean they're going to have to pay their taxes and they can't go to South Dakota are not going to do it. And so that is an issue, and that issue is truly a growing issue, as we see South Dakota...South Dakota's law essentially says they'll register any vehicle, so it is as easy as just going up there and giving them an address. There are two companies that I know of that provide this service, the automated dealership transaction service across the county. One is called VINTECH, and the other is Computerized Vehicle Registration, or CVR. That's how they're known in the industry. CVR has 95 percent of the business nationwide--they are the big player, and VINTECH is just getting into the business, and I'm not sure if they have states on board or what the status of VINTECH is at this point. I did attach Attachment C, that is a list of information of the states that have implemented...and these are all...granted, these are all CVR states, because I couldn't find any data on VINTECH. But it's how they implemented dealer automated transactions. This is it on a real high level--this is how it works. The dealer can offer automated titling and registration process to the customer as an additional service. So you've negotiated your car deal, and the dealer says, that's great. You know, we'll do the paperwork, you know. By the way, I can title and register and put a plate on this vehicle for you, so while we're cleaning it up today and getting it ready for you to drive off the showroom tomorrow, if you'd like, for a fee, we can do all of that for you. And you know, in some instances you'd probably say, you bet. I don't want to go to the county. I don't have time; I'm too busy, whatever the case may be. And so the dealer does that, and what the dealer does essentially is, they have access...they use their PC and enter passwords and do everything they need to do to get access, essentially, to VTR, where they would then put vehicle-specific information into VTR, issue a title. In most cases they don't issue the final registration document; they issue a temporary registration document, and they assign a license plate number and then they attach the plate. This implies that that is happening, that the dealer is also collecting all the fees and taxes associated with that transaction. So they're collecting a title fee, a lien fee, if there is a lien. They collect the sales tax, the motor vehicle tax, the wheel tax,

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if it's a community or county that has a wheel tax. Everything associated with that vehicle is collected at the time of the purchase of the vehicle and the consumer paying for the fee. That money then flows back to the county of residence, of whoever is purchasing the vehicle. So if I live in Cherry County and I go to Grand Island to purchase an automobile and the dealer has this available to me, what happens at night essentially is, in this instance--and I'll talk about CVR--CVR transfers the funds. That company is the one who is responsible for the electronic transfer of funds. It's not the dealers that do that piece of the puzzle. But CVR essentially transfers those monies according to statute, whether that means it goes to the State Treasurer and then the State Treasurer dumps it back all into the funds of the county where it should go. So it doesn't take funds away from any county or remove that, but it is a different process. And so I'm kind of lost in my testimony here. There are benefits to it. The electronic funds transfer would be a benefit. It could certainly reduce dealer traffic in county offices. In some instances, in some of the larger counties and the counties that a franchise dealership, you see quite a bit of dealer volume--dealer conducting title transactions. It would allow for the immediate inclusion of new vehicles into VTR, so in essence it would do away with the technical in-transit tag, and if you're paying the fees and taxes, it's doing away with your 30-day grace period, as well. It's immediate payment of sales tax. It could be a service to the citizens. It would actually provide some financing options to people. Payment of sales tax and all the fees can be somewhat staggering to people when you realize, I've just purchased a \$30,000 vehicle. Now I have to pay sales tax on top of it. It's a real eye-opener for some people. I have gotten e-mails and letters about it, so people would like more of an opportunity to finance those costs. And one thing it does, it requires the dealers to be...and their titling clerks to be very well trained. Because this isn't a mandatory process for the dealers either, the dealers have to apply to be part of the program, in most states. There's only one state that's really making this process mandatory, and that's Wisconsin. They have a very specific goal where they really want to make all dealers use the process. So if it's not mandatory, the dealer has to apply to become a part of the program. They have to commit that they'll put up whatever financial resources they need to, that they have to

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be certain that their clerks are trained properly, that they're going to retain all the records--all of those kinds of things. There has been some...in some of my discussions I did contact a couple of administrators around the country who have implemented the CVR process, and one being the Massachusetts individual, who said that some states have really taken sort of a tiered approach to what a dealer could do, or the oversight you exercise over a dealer. So let's say you're just doing everything perfectly fine and you reach platinum status, or something like that. I don't know what kind of, you know, tier you might give these people. But you say to this dealer, we've been monitoring you for six months now and you do such a great job and your paperwork is always right and your titling clerks know what they're doing, that we'll kind of take more of a hands-off approach to monitoring you. We won't do as much day-to-day type auditing or those kinds of things. And you just tier that down to whatever that dealership may be doing. Some dealers may need more hand holding; others may be able to get through the process pretty quickly and understand. I think for the most part dealers are very careful about their paperwork. They try to transact business according to the state laws and are very...they don't want to get caught up in having a stolen vehicle or a salvaged vehicle or anything else, any more than anyone else does, because it is their business. So on a grander scale, there would be some need for probably stricter regulatory oversight and some sanctions and things along those lines. I think it certainly could be controlled, and it's been controlled in the other 21 states. If a dealer is not complying, you just take him out of the program and you don't let him do it any more, or you do something. That might be the ultimate sanction you issue for someone. But all of this oversight really comes...that's the cost, once again. That's not a function that's done that regularly now. Counties are audited; their records are audited from time to time, but the DMV doesn't go out and do any active internal/external control review. So it would be new responsibilities for the department, because that would be the department's responsibility. If we were talking about implementing something like this, I mean, certainly it's been the department's position that whenever we're talking about major change and how it might affect people, that bringing those stakeholders in and discussing it is always good, because even though we think we understand the titling

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environment, the truth of the matter is we don't really do that much, other than in our motor carrier division. The day-to-day work is done by the clerks and the treasurers, and so they always bring a different perspective to implementation, and their perspective is always very good. So if you're talking about this kind of thing, you'd really be talking about involving such individuals and stakeholders as the DMV; NACO county representatives and county officials; the dealers association; both the new and independent dealers; insurance representatives; the Department of Revenue, who has the sales tax piece; the Motor Vehicle Industry Licensing Board, which is the current regulatory body over dealers; the State Treasurer; law enforcement; as well as others, I'm sure. Implementation of this type of system into Nebraska presents a myriad of challenges and would require extensive discussion and research into the impact. One issue immediately comes to mind and that is, Nebraska's county-specific license plate numbering presents a major hurdle to plating vehicles at dealerships. And before I even get into this I'm going to make my disclaimer right now that I forgot to make till later: I am only using this as an example. I am not saying that we should do away with county-specific numbers. That's not my goal. It's just something that is kind of one of those behind-the-scenes things that you don't think about. So if we had county-specific numbers, we could essentially be expecting dealerships to contain or maintain an inventory of all county number plates, and so that would appear to me to be somewhat challenging. Not that it couldn't be overcome--almost everything seems to have a solution, but it is something that sometimes just doesn't readily jump out as a problem. And this is just one example of the complexities behind implementing a new titling and registration process in any state, not just in Nebraska. Earlier I commented that our existing VTR system is 14 years old and nearing the end of its useful life cycle. The department has begun a very preliminary internal review of the VTR application and options for meeting the current and future needs of the state and its users and customers. Because there are so many county officials in the room, they probably think that's an odd statement, that we've begun a preliminary review of VTR, because a few years ago we actually were rewriting VTR, and we did...we got very close to implementing that rewrite. But I don't believe that it was stable. I believe that our new

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system we were going to...our in-house system, was going to be problematic, and for me it was a choice between breaking something that wasn't broken, or delaying a different roll-out of VTR. And so I chose not to break something that wasn't broken, and the counties are still waiting for us to deliver the enhancements to VTR, because we've had challenges with programmers ever since then. But it is a system that needs enhancements. There are things that need to be done to it to make it a better, more user-friendly system. So really, if we're looking at replacing VTR, we're faced with two choices: either we...the DMV leads a redesign and rewrite project that utilizes internal business and technical resources, or we create an RFP and find a vendor to provide us a VTR application. The first approach would extend the life of the VTR application but would not be much of a step into the future. The very real challenges of this option include technical resources--programmers--that are neither currently available inside the agency nor readily available in the market, and the financial resources to hire and retrain technical resources are restricted by both rule--the classification system at the state--and the DMV appropriation. The second approach, the integration of a vendor solution, could provide an opportunity to move to cutting-edge technology with a new system platform, PC technologies, and the easy adoption of bar code and encryption technologies. It could improve usability and flexibility of the application, improve customer service, and provide an Internet-friendly environment for direct customer access via the web. The drawback with this option is, as a general rule, it would probably be several million dollars. I don't have any good numbers, but states around us that are implementing these new systems...I have included a survey; it's Attachment D. We surveyed the 51 jurisdictions--the 50 states and the District of Columbia--and we asked them about their motor vehicle titling and registration system. Twenty-three of those states responded to us, and as you'll see from the results, quite a few have either replaced or are in the process of replacing their existing registration systems, and you'll also see that there's really no standard solution. You also see that some of them are considerably older than VTR. Some people are still using technology from 30 years ago, so it could be worse, I think. I have contacted my counterparts in Iowa. Iowa just implemented a new program, a new system. Admittedly it had some bumps at the start,

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but I think it's working very well right now. South Dakota is still working on theirs, and Kansas is about to implement a new system. And what I hope to do is to make...take a trip and see some of these systems. When we've done that in the past and needed to see, it's very good to get a hands-on view of how things work and how they're using it in other jurisdictions. So with that, I don't think I cut my testimony any shorter than yesterday, and I apologize. But I'd be happy to answer any questions you might have. [LR90]

SENATOR FISCHER: Thank you, Director Neth. We always appreciate your thorough testimony, providing us with good information. Are there questions? Senator Louden. [LR90]

SENATOR LOUDEN: Yes. Well, Beverly, thank you for the information, and I think the answer to one of my questions was the cost, and you said it would be enormous. And right now, when you talk about renewables, we can do that by mail. [LR90]

BEVERLY NETH: Yes, you can. [LR90]

SENATOR LOUDEN: The only...because, I mean, since we don't have license plates, it's a lot easier to mail your check up and get your little...all comes in one envelope. [LR90]

BEVERLY NETH: Right. [LR90]

SENATOR LOUDEN: Now if you had to do that...if you could do that on line, then those courthouses would have to have Internet access and that sort of thing, right? [LR90]

BEVERLY NETH: That's right. I think most courthouses in most counties have Internet access right now. [LR90]

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SENATOR LOUDEN: Well, I don't know about Sioux, and I don't know about Sheridan.
[LR90]

BEVERLY NETH: Well, I'm not sure. I can't speak to that, but I think we talk... [LR90]

SENATOR LOUDEN: If they did, they just got it, because they didn't have it before.
When you wanted to send them any bills or anything like that, they couldn't bring it out.
[LR90]

BEVERLY NETH: Could be. Oh, they may not... [LR90]

SENATOR LOUDEN: But they would have to have some type...all counties, then, would
have to have some type of Internet access or some type of wireless or something.
[LR90]

BEVERLY NETH: Um-hum. [LR90]

SENATOR LOUDEN: Okay? [LR90]

BEVERLY NETH: And I will just speak to that for a second. Sometimes Internet access
can be challenging in the more rural areas, if you're dealing with smaller, you know,
dial-up or something along those lines. But sometimes it's pretty much more frustrating
than just working through the mail. But lots of places now have better DSL or at least
some kind of high-speed Internet access that works a little better. [LR90]

SENATOR LOUDEN: And the only advantage would be is that they...because you're
doing the same thing, either by mail or you would do it for renewables. I mean, that
would be the only advantage, if somebody wants to do it; they don't want to spend their
41-cents stamp. [LR90]

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BEVERLY NETH: Um-hum. [LR90]

SENATOR LOUDEN: Okay, then you mentioned if the dealers do it, there's a fee. They would charge a fee, and would they...what you're envisioning, would you have the dealers do the whole thing--the title and the whole bit, and issue the plates, because how would they...here you mentioned that. How would a dealer have a plate for every place in there, and...other than moving...if you traded a car in, they could probably switch the plates. I could understand that, but if you walked in and you just won the lottery and you walked in to buy this big car, why, where are they going to get you the license plate? Are they going to...are you going to come out with a whole new plates that would be some kind of...say on there, this is a generic plate, and then until I get ready to renew it, then I can go back to my county and get a number plate? Or how would you envision doing that? [LR90]

BEVERLY NETH: Well, first of all, Senator Louden, you just reminded me--I need to buy a Powerball ticket, because I think...what is it, \$181 million? So there are a couple of things. I want to try to speak to that. In the CVR process, as I understand it, a state can really implement it however they want. It's very much a component sort of system, so if you just want the dealers to be able to do titling, then that's what the dealers would be able to do. Or if you wanted them to do titling and issue a temporary in-transit tag, then that's what they could do. In its purest sense, you could have them do the entire process, all the way through. And the issue of, how do they do that, I guess, you know, there are certainly...maybe that plate comes from someplace else. Maybe it's not issued by the dealer. The inventory at the dealer level, I think, would be challenging for the 93 county plates. But I don't think that you would be talking about...I don't think that's what Senator Pahls is discussing, a new type of license plate in Nebraska, or moving away from the county numbering system. That's certainly, I don't think, envisioned in this, even this study. I really just brought it up as kind of a, you know, one of those little sticky issues that you'd have to think about when you're talking about implementing something of this nature. The other thing that I want to make clear, so that I'm not confusing the

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two things, the CVR process, the dealer automated transaction, really is implemented at no cost to the state. That is a system that CVR brings...well, there could be some cost. It would be minimal. They integrate their package into VTR. So there would be some programming costs of allowing that integration piece to come through, but CVR probably even pays for that, I imagine. What...the way that is paid for is by the consumer and the dealer, as well. Dealers who are enrolled in the program, I think, pay a flat fee to become enrolled in the program, and then on a per-transaction basis, the consumer is charged something. I think on average the fee is somewhere between \$24, \$25, is what you pay for the dealer to do your titling and all those kinds of things. Many dealers already charge a document fee, a documentation fee, which is their time for handling your paperwork and those things. I suspect it would just go on top of that, or maybe...I don't think it would replace that, because that documentation fee is a little higher than \$24. But that is how it's paid for. The costs that I'm talking about in this really are the costs of replacing VTR, the underlying motor vehicle and title registration system that the state uses. That's where, potentially, we could be spending millions of dollars to try to replace that system. CVR just sits on top of that, and it really doesn't...I'm sure there is some cost, but it's certainly not millions, and it's probably not even \$100,000, I would guess. So I just want to be clear about that. [LR90]

SENATOR LOUDEN: Getting back to this dealers charging the fees and doing some of that, if that was the case, then, they'd charge this fee, and you mentioned electronic transfer of funds and that sort of thing. Then they would actually have a custodial account, because they would be taking in state money or other money that had to be processed some place else. [LR90]

BEVERLY NETH: Um-hum. [LR90]

SENATOR LOUDEN: They would therefore...would they have to be bonded in order to handle these custodial accounts, and who does the auditing to see that all of the money in the custodial account got where it was, or I mean, I've known car dealers that weren't

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the most scrupulous people in the world, and they could sell a bunch of cars and pull out without the custodial account, mostly because...well, even in Valentine, if anybody has been around here long enough, I can remember when the Sale Barn went under because they weren't taking care of custodial accounts. And this was my next question.

[LR90]

BEVERLY NETH: Um-hum. Well, you definitely raise the point, which is how do you handle the fund...I mean, if...not that 100 percent of the VTR funds would be collected through dealer transactions, but even if a percentage of it--half of it--were collected that way, that's \$240 million dollars, so that's a lot of money. You definitely would want to implement very tight, very strict controls about how that money is...who is doing what with that money, and what kind of bonds might be in place, and who...the auditing of those accounts, in speaking with some of the other states, what happens is, it does appear that the department takes on a much stronger regulatory role, because the department would sort of be the one who is oversighting how those transactions are occurring. How the fees are flowing and the funds are flowing would still...I'm not sure exactly where that would rest, but it could either rest with the State Auditor, it could rest with the State Treasurer, it could rest with the Department of Motor Vehicles, or all three in some fashion. So the key to implementing this type of thing--one of the keys--is making sure that you build your regulatory environment enough that you have enough safeguards that somebody is not going to run off with state funds. I think the way it's been implemented in the other states, certainly we can learn a lot from what those states have done. I doubt that CVR would be in business very long if they had a process where people were able to steal state funds. I just can't imagine that's really happening in the program. CVR is a, you know, they are responsible to shareholders and all kinds of people. They are...what CVR is, is really a subsidiary of two parent companies that are widely known in dealer transactions--ADP, I believe, is the company. They do a tremendous amount of inquiry services and provide, I think, kind of the basic computer systems associated with dealers. Reynolds & Reynolds is the other parent company, and Reynolds & Reynolds is...they make, I think, mostly forms and things like that, but

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they are a very, very big company as well, and I don't know exactly what they do. So those are the two that really got together and created CVR, so you have a pretty complex corporate structure there, and I'm sure they've got their safeguards in place, as well--one long answer. [LR90]

SENATOR LOUDEN: One last question. On these other states that have implemented this, what type of license plates do they have? Do they have county plates, or they have more or less one state plate, or what? You know, on this handout you have here, it doesn't...I didn't notice...I didn't read it that close, but it doesn't say anything about what kind of plates they have there. [LR90]

BEVERLY NETH: Well, in all honesty, Nebraska is probably one of the few states that has county-specific, where it's actually on the plate, as a part of the numbering system. Some counties use...where the name of the county is, maybe, on the plate. Iowa is that way. Some use a sticker system. It's really all over the place how states issue plates and the types of plates they issue. But the county numbering system is...I don't think it's completely unique to Nebraska, but there are fewer than five, I think, states that use that kind of system...and it could be that that system is still in place in some states, where maybe the plate stays with the vehicle...I don't exactly know how to...yeah, the plate stays with the vehicle when it's transferred--you never...California is that kind of way. I think Arizona is that sort of way. And there are way old plates, years ago, decades ago plates that are still out in some of those states, and numbers. So it may be that some of those haven't been replaced yet. But as far as county specific numbering, Nebraska is one of the few states that does that. [LR90]

SENATOR LOUDEN: Okay, so then it's easier for some states to implement this than others. [LR90]

BEVERLY NETH: Um-hum, um-hum. [LR90]

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SENATOR LOUDEN: Okay, thank you. [LR90]

SENATOR FISCHER: Other questions? Senator Schimek. [LR90]

SENATOR SCHIMEK: Yes. Thank you, Madam Chair. Director Neth, you mentioned that we don't use NMVTIS. [LR90]

BEVERLY NETH: Yeah. [LR90]

SENATOR SCHIMEK: And could you elaborate a little bit why not, if we want to prevent fraud and so forth? [LR90]

BEVERLY NETH: Well, NMVTIS has... [LR90]

SENATOR SCHIMEK: Oh, NMveetis. [LR90]

BEVERLY NETH: That's okay. NMveetis, NMvitis, it doesn't matter. It has sort of its own set of unique issues. NMVTIS, when it was originally...it has been a system that's been around for a long time, and there was a pilot project with, I think, three states, late nineties, to implement NMVTIS. And that was done in conjunction with the Department of Justice and AAMVA, the American Association of Motor Vehicle Administrators. Nebraska is a jurisdictional member to AAMVA, and AAMVA really controls...they were designated by the federal government to be the agent to run NMVTIS. So AAMVA has...we've worked very hard to developed NMVTIS and to get states on to NMVTIS, but it has been a system of stops and starts, and there have been some states that have come on and some states that haven't come on. There are only about 18 states that are using NMVTIS in its full form right now, where they're accessing the titling information, the vehicle information, and just a few of those are really doing it on-line process. Many of them are doing a batch process. So they might do a title transaction, then at night they go out and they look at NMVTIS and see what's out there. And so if

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they find something that would be wrong with the vehicle, then they're required to recall that title and get the person back, and those kinds of things. So on line means it happens right there when you're presenting the paperwork. They're out there searching NMVTIS to see whether this is a stolen vehicle or if there's a brand associated with this vehicle that's not on the paperwork, so that they can stop the transaction if they need to or issue the clean title, whatever the case may be. NMVTIS has been a very costly proposition for AAMVA, and it literally is bleeding AAMVA dry at this point. We're spending almost \$3 million a year just in data storage. There have been...continue to be conversations with DOJ and the federal government about providing some additional funding to AAMVA to keep NMVTIS going. And you know, just (inaudible) I'll say, I sit on the board of AAMVA, and I'm headed there to a conference and to a board meeting on Thursday, and NMVTIS is one of our big topics. What are we going to do with NMVTIS, because it is...either we have to get some money from the federal government, or we have to pull the plug on NMVTIS. I have not implemented NMVTIS because I didn't want to spend the money to implement, to have the plug pulled. We have been sending our data for quite a while, and I think there are some good things happening. Some of the larger states just began sending their data--New York is now sending its data. That's been the challenge, to get California, New York, Texas, Michigan--some of these bigger states--to send their data, because although our...you know, we're pretty proud of our 2.1 million vehicles, but it's nothing like what those states have. So to give you another really long answer, I guess, there are a lot of other complications that have played into whether or not we put it in. The other piece of the puzzle is, it is a fairly complex enhancement to VTR, and I'm a little bit worried about the stability of VTR and continuing to layer more enhancement onto VTR. This one could challenge it. It would be a different business process for the clerks and treasurers, as well. It's...a lot of training would be involved in how you use it, and it would be different for customers, because potentially you could be told, I can't issue you a title, which has never really happened much in Nebraska. I mean, you do that from time to time when the paperwork doesn't look quite right, but this would be...the paper might look just fine, but there could be something back behind where a brand maybe fell off somewhere, was missed in

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some paperwork, and now it's showing up. And so someone who thought they bought a clean vehicle actually has a salvage vehicle. There's a huge price difference between the two. [LR90]

SENATOR SCHIMEK: As a follow up to that, do you know if CVR states use NMVTIS? [LR90]

BEVERLY NETH: Well, I could probably tell you, looking at...if I can... [LR90]

SENATOR SCHIMEK: And I guess what I'm thinking is, if we at some point ever did implement CVR and if, indeed, NMVTIS got straightened around,... [LR90]

BEVERLY NETH: Um-hum. [LR90]

SENATOR SCHIMEK: ...would that be something that we would...I would think that would be something we'd want to look at. [LR90]

BEVERLY NETH: Yes. I believe NMVTIS would be a tremendous tool. It has shown across the country that it can reduce stolen vehicles, and it can reduce some of those costs of stolen vehicle, which is really, really a big number. It's in the billions. It's really been a strategic initiative of the department for some time to implement NMVTIS. Depending upon what happens this weekend, I suspect we'll look at it very strongly for moving forward, even in our current VTR application. There's a push...there is some federal money that's available right now to help implement it. It's not without cost, maybe a couple of hundred thousand dollars to implement, but...and then there are fees on top of that you pay, that...it's a good program. I think it can work very well if we can get it all straightened away and paid for, and get some stability to it. [LR90]

SENATOR SCHIMEK: Okay, thank you. [LR90]

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BEVERLY NETH: And yes, there are some states on here. Virginia was one of the first states. I think Tennessee, maybe--a few of them here that use NMVTIS, as well. [LR90]

SENATOR SCHIMEK: But it doesn't necessarily go around with CVR. [LR90]

BEVERLY NETH: Uh-uh. It's a completely separate sort of thing. It would be available to the dealers. When the dealers...if CVR is implemented, what's available to the dealers essentially is everything that happens at the county level. So if NMVTIS is there and they're able to check NMVTIS when they do titling, that's there. Available to the dealers as well would be the insurance database. It's a part of titling; it happens. They're in VTR, essentially, putting information into VTR, so when they put that in there, that insurance information could come. But what you're going to get is, these are all new vehicle transactions that dealers are doing, and so technically there's probably not insurance on that vehicle, although, you know, you get insurance pretty quickly. So if it's a used car transaction, then you could be talking about insurance, those kinds of things. [LR90]

SENATOR SCHIMEK: Thank you. [LR90]

BEVERLY NETH: Um-hum. [LR90]

SENATOR FISCHER: Thank you, Senator Schimek. Senator Pahls. [LR90]

SENATOR PAHLS: Director, I have a question. [LR90]

BEVERLY NETH: Um-hum. [LR90]

SENATOR PAHLS: Earlier in your conversation I heard you say in dealing with one of your innovative changes, getting rid of all those cabinets, you reduced seven FTE? [LR90]

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BEVERLY NETH: Um-hum, in that particular division we removed seven FTE. Some of them actually were, because of attrition and layoffs, they went...and that position was eliminated. In other areas, we used position in other divisions, and so we were able to staff a couple of...I don't know, but you may know that the department has, for quite a lot...we get a lot of legislation that comes to the department. And many times...for about the first seven years that I was the director, we didn't really ask for FTE to do new programs and new processes. We absorbed those, and we did that by utilizing some of those things, taking some FTE that were being used in some divisions and moving them somewhere else and giving them different duties. [LR90]

SENATOR PAHLS: Well, actually, how many FTEs do you think you really deducted? [LR90]

BEVERLY NETH: Oh, we really lost...well, in that division, we really lost seven people. Physically, those people left. Their positions were then reclassified. I think we reduced our FTE by four. [LR90]

SENATOR PAHLS: Okay, four. So that's what I'm getting at. Okay, so for that innovative thinking, you reduced four. And how much do they, basically, do you think they make a year? Fifty, sixty thousand, seventy thousand? [LR90]

BEVERLY NETH: My DVR staff? No. My DVR staff makes maybe mid-twenties. [LR90]

SENATOR PAHLS: Oh, really? [LR90]

BEVERLY NETH: Yes. These are front-line clerks and individuals who...and mid-twenties might be high. [LR90]

SENATOR PAHLS: Okay, let's say, though, four, but you saved about \$80,000 a year,

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then, approximately. [LR90]

BEVERLY NETH: Approximately. [LR90]

SENATOR PAHLS: And if you do that year after year--10 years--that's 800...you know, that's how I envision things. So you have some of that savings there somewhere (laugh). [LR90]

BEVERLY NETH: Well, you might want to take a look at our biennium budget this year, \$1.3 million was cut from the department's cash fund. So that has been reduced. We actually had a reduction in our cash fund appropriation this year, so that's not there anymore (laugh). [LR90]

SENATOR PAHLS: Okay. Well then...now I'll switch gears here a little bit. [LR90]

BEVERLY NETH: Okay. [LR90]

SENATOR PAHLS: If we would add this program that we're talking...you're saying the additional cost to the state probably would be minimal. [LR90]

BEVERLY NETH: Um-hum. [LR90]

SENATOR PAHLS: Okay. So now...so...because I've heard some of our discussion. People think that this is just going to be an unbelievable cost, because the car dealers are going to be very involved in that. And you don't seem to have an issue right now with fraud, if we find a way to keep that from... [LR90]

BEVERLY NETH: Um-hum. [LR90]

SENATOR PAHLS: Okay. So there is no cost... [LR90]

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BEVERLY NETH: I'd like to clarify one point with respect to the cost. The cost I'm referring to is really more programming cost. If you set the security environment up correctly and the internal and external controls correctly, and if that responsibility is given to the department,... [LR90]

SENATOR PAHLS: Then there's a cost. [LR90]

BEVERLY NETH: ...then there would be costs in staff, because we do not have the staff. You know, I have an auditing staff that we use in the motor carrier division, but they're very, very busy in the motor carrier division, and they really...we have audit standards we have to meet for those programs. They couldn't do anything else. [LR90]

SENATOR PAHLS: Okay. Well, let me ask you...I hear you say we keep laying things onto your program. [LR90]

BEVERLY NETH: Um-hum. [LR90]

SENATOR PAHLS: Could this be laid onto your program without causing it to collapse? [LR90]

BEVERLY NETH: Well, I don't want to be the purveyor of doom. It probably could. [LR90]

SENATOR PAHLS: But in all honesty, you know... [LR90]

BEVERLY NETH: Sure. I imagine it would work. [LR90]

SENATOR PAHLS: Because see, in my past experiences, I've heard this same thing when we would change our program, somebody would say, well, we're layering on. I've

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heard the same argument in my field. [LR90]

BEVERLY NETH: Um-hum. [LR90]

SENATOR PAHLS: And it didn't, because everybody needs...is a little bit cautious of that. [LR90]

BEVERLY NETH: Um-hum. [LR90]

SENATOR PAHLS: So it would not necessarily be an unbelievable burden to the system. [LR90]

BEVERLY NETH: Now here is my thought process with that, is I have to view the risk associated with continuing to lay things on VTR, because if VTR fails,... [LR90]

SENATOR PAHLS: Right. [LR90]

BEVERLY NETH: ...the responsible person is me. [LR90]

SENATOR PAHLS: Yes. [LR90]

BEVERLY NETH: And I'm the person who is telling the media why you cannot register vehicles, why counties can't collect taxes,... [LR90]

SENATOR PAHLS: Right. [LR90]

BEVERLY NETH: And so whenever I do an analysis of adding new programs, I'm always taking into account the risk associated with that. I tend not to...I mean, you have to balance that, but there is a risk. [LR90]

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SENATOR PAHLS: Right. [LR90]

BEVERLY NETH: And if it were to upset the apple cart and VTR continued to sort of crumble...it's not that that is just going to happen and everything is going to blow up. Obviously, there's going to be some problems, but my obligation and my duty, I think, is to tell you that, you know, not everything behind the curtain is exactly what you think it is. There's a good system in place; it's working very well, but it is, in terms of technology, it's old. [LR90]

SENATOR PAHLS: Right. [LR90]

BEVERLY NETH: Fourteen-year-old technology is ancient technology. [LR90]

SENATOR PAHLS: Yes. [LR90]

BEVERLY NETH: And so...and it has its own challenges. So to continue to spend money to integrate to that old technology may not be the best thing we're doing, as well. [LR90]

SENATOR PAHLS: But would it cost a lot of money to the concept that I'm going after, to integrate that into your... [LR90]

BEVERLY NETH: No, I don't think the actual programming integration would be that expensive. [LR90]

SENATOR PAHLS: Okay, and that's just...and as I listened to some of the conversations up here, do you believe--this is just sort of your opinion now... [LR90]

BEVERLY NETH: I feel like I'm at a United States senate hearing or something, testifying (laugh). [LR90]

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SENATOR PAHLS: You're not, you're not, because you're truly a friend. But I'm trying to...because sometimes people walk away and they see...one statement is so...in other words, I have no interest of changing the license plates of the state, at all. That's not even in the...but do you believe that people of my generation or the generation (inaudible) are a little bit more hesitant when it comes to technology, have a little bit more hesitancy? [LR90]

BEVERLY NETH: Well, it's certainly the generation of my niece and 30-somethings had technology as a part of their day-to-day lives. Kids who are in college now, they do everything with their tablets. I mean, it's tied to them. It is a very integral part of them, and so they don't fear it like many of us do, still fear it. [LR90]

SENATOR PAHLS: Well, I'm not thinking of you, not talking about... [LR90]

BEVERLY NETH: No. Well, you know what? I have my own problems with it. I mean, technology I know is terrific, but you know, there are times when you just want to throw it out the window because it can be aggravating. Yes, I think overall there is a fear of technology the more mature we are, the more we probably fear moving away...we're very tied to paper. We're very tied to these things we've had around us our whole lives. And so someone coming in and saying, oh, we're going to do away with that, sometimes doesn't sit well with everyone. [LR90]

SENATOR PAHLS: Well, I'm basically using myself as an example. I mean, technology, for me to make some of these changes, this is a significant brain change. [LR90]

BEVERLY NETH: Um-hum. [LR90]

SENATOR PAHLS: But my children, who are 18 and 20, they'll be talking on the phone, they'll be working on their computer, and then they'll be text messaging. I mean,

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they...and all these things that we're sort of a little bit hesitant, it's not with them. And that's the generation that we ought to be looking at, also. [LR90]

BEVERLY NETH: Yeah. Well, yes. They're the ones who are going to be using government services,... [LR90]

SENATOR PAHLS: Yeah, and that's the... [LR90]

BEVERLY NETH: ...day in and day out, and so that's the challenge. And I think Senator Schimek's point about government running like a business, we're very, very challenged to run that way, because you can't...you don't have the resources, one. You can't meet the salary demands, two. There are all kinds of things that are challenging, and government does not move as quickly as businesses. But the other really interesting thing I find is, it's very real that when government fails, that's on the front page of the paper. And when business fails, most time you don't know about it, because all that R&D is going on back behind something. They don't have to make their failures that public. Microsoft is one who probably has has some public failures recently. But you don't know about it, so they always look like such a great example for all of us to emulate. But the fact of the matter is, I think they have just as many challenges as we do, in the long run, with some of the things. And so I'm all about making people more accountable, more responsible, to look at things in a fiscally responsible manner, but there are times when government just simply can't operate like a business. [LR90]

SENATOR PAHLS: Thank you, appreciate it. [LR90]

BEVERLY NETH: Um-hum, thank you. [LR90]

SENATOR FISCHER: Other questions? I see none. [LR90]

BEVERLY NETH: Thank you. [LR90]

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SENATOR FISCHER: Thank you, Director Neth. [LR90]

SENATOR FISCHER: [LR90]

BETH BAZYN FERRELL: Good morning. For the record, my name is Beth Bazyn, B-a-z-y-n, Ferrell, F-e-r-r-e-l-l. I'm assistant legal counsel for the Nebraska Association of County Officials. As Director Neth indicated this morning, county officials are really the first line of government, when it comes to dealing with motor vehicles. In that regard, I'd like to offer the assistance of our motor vehicle committee, as well as the other county officials, to take a look at any drafts or discuss any of these issues further. We'd be happy to share those with our folks and provide input as will be helpful to you. I'd be happy to take any questions. [LR90]

SENATOR FISCHER: Thank you, Ms. Ferrell. Are there any questions? I would like to comment and let people know that this is Ms. Ferrell's hometown, Valentine. Her parents still live here, and it's always good to see you. We certainly appreciate NACO's input and the representation you provide for the county officials. Thank you. [LR90]

BETH BAZYN FERRELL: Thank you. [LR90]

SENATOR SCHIMEK: Madam Chair. [LR90]

SENATOR FISCHER: Oh. Senator Pahls, you have to flag me down (inaudible). [LR90]

SENATOR PAHLS: I'm sorry. I'm sorry. [LR90]

SENATOR FISCHER: Senator Pahls. [LR90]

SENATOR PAHLS: Just have one question. Just from listening our conversations

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today, do you see the county as hesitant about this move, just by... [LR90]

BETH BAZYN FERRELL: I think that would be sort of...each individual county might have a different opinion of that, and I'm sure if we talked to the officials here in the room there would be different issues and opinions there. One of the problems that we always have is funding. The state has the same problem. And that's always, always sort of in the forefront there. Sometimes things get pushed down to the counties, and there's--and it happens with the state from the feds, too, of course. There's just an assumption that it can just be absorbed in, and that doesn't always work that way. [LR90]

SENATOR PAHLS: Thank you. [LR90]

SENATOR FISCHER: Other questions? Thank you, Ms. Ferrell. Anyone else wishing to step forward? That sounds rather ominous, "step forward." Good morning. [LR90]

LOY TODD: Good morning. Senator Fischer, members of the hearing, my name is Loy Todd, L-o-y T-o-d-d. I'm the president of the Nebraska New Car & Truck Dealers Association. Just by way of information there are approximately 1,600 licensed car dealers in the state. There are 218 of them that are franchised new car and truck dealers. We represent all of them. The new car and truck dealers--not the used car dealers--exclusively. So I'm only indicating our support for this type of a process for my membership. And from studying this issue with other states, I can tell you that we expect that if this were implemented, if this CVR system were implemented, we would be looking at maybe half of my members being willing to participate on a voluntary basis, simply because the others don't have enough volume to justify the expense. Initial inquiries indicate it will cost about \$3,000 per dealer to initiate the process, get their equipment and the training, those kinds of things, and to go forward with it. The earlier testimony about \$24, \$25 as a standard kind of charge for this service, I believe is accurate. And so far as financial responsibilities, all those kinds of things, what I've learned from my counterparts around the country, they just rave about this system and

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the convenience to the customer. I do want to speak just one word about the defense of our current system, simply that we're lucky in Nebraska. We're pretty spoiled, that you can go do all these things that you do on a county basis, the fact that you've got a courthouse that does this in 93 counties. And so everyone other than in some areas of the state that it's still quite a trip, it's pretty handy. It's pretty convenient, in comparison with some other states. If you hear the stories that I hear all the time, and I'm sure the director does--delays in titling, delays in registrations. We're very frustrated in Nebraska when we run into one of these other states--a title coming from another state--and it takes literally, sometimes months to get a title, and lien releases, and all those kinds of things. So we applaud any effort to get this thing somewhere on line to...every step you take we're really supportive of. So I don't delay this anymore, simply to say that we're supportive. We don't see a lot of hiccups in it. We don't worry about fraud, those kinds of things. You know, we stop a lot of fraud simply by the inspection system. There's a physical inspection of vehicles coming from someplace else. The other ones are already here. There's just a lot of things built in. But this isn't going to change, and so, I will say this. Unanimously, the states that have this system that I've communicated with, and I surveyed every jurisdiction in the country from my counterparts, they've just said, go for it. They're strongly supportive, and it's apparent to me from my discussions from them, we pay the cost of that. We certainly pass it on to the consumer; I'm not pretending we don't. But the consumer is voluntarily asking for this and wanting it, and where we can do it already physically, we do it for the consumer. We're doing it now, in the counties that allow us to do it. So with that, I'll conclude my testimony, unless there are questions. [LR90]

SENATOR FISCHER: Thank you, Mr. Todd. Are there questions? Senator Louden.
[LR90]

SENATOR LOUDEN: Yeah, thank you, Senator Fischer. As you say, Loy, your organization is for this. Now is that for the whole, would you say, the whole bundle, doing the titling and the whole thing, or just the renewal-type deal on cars that you're

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trading in, or which part are you for? And having discussion with how license plates are in Nebraska and whether you're going to have each dealer have 90-some plates there, from each county, are you advocating a one-plate system for Nebraska in order to make it work? [LR90]

LOY TODD: Oh, absolutely not. My survey indicated that there are only two states right now where there is a dealer-type organization doing titling. Every place else is still the states. Most of this is registrations only. Those two states--and this may surprise you, knowing me as you do--the state association is actually doing the titling, not the individual dealers. And in two states, the state association went out and did the computer programming, developed their own programs and have actually...are in charge of that. So the titles are actually limited to two states. The dealer association is actually issuing the titles, not the individual dealers. And so it's a rarity, and I wouldn't expect Nebraska to go there. I would expect to see something in the registration process, because that's the norm, and that's what's happening. As far as the titles, what I envision, we overnight something to almost every one of my dealers, every single weekday, from my association office. I would envision us being heavily involved in this process. We would like to become the storage facility for my dealers who are involved in this process. And so if you came in, we would give you something on a temporary basis, is how I envision it, and then we would overnight your actual plates to you or to the local dealer, whose responsibility would be to get them to you. So I think the physical parts of this are pretty manageable. And if you think about it, most of my dealers just do a...most of their business is in a pretty limited geographic area. The people who go a long ways to buy a car are pretty unique, and we can handle that in my office. I've got about a half a basement full of old furniture that I can get rid of and put plates in there, so I don't see any changes at all to plating. I do see one more step that the state wouldn't be bothered with. It would be my step, in doing that with my dealers. [LR90]

SENATOR LOUDEN: Okay, thank you. [LR90]

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SENATOR FISCHER: (Exhibit 2) Other questions? I see none. Thank you, Mr. Todd. Are there others who wish to testify on this resolution? I see none. We did receive...I received Sunday night an e-mail from Senator Kent Rogert's office, and he has a statement that he would like to have in the record, and we'll get a copy of that to all the committee members. As I said, I just received it Sunday evening. And we will make sure that that is in the record. With that, I will close the hearing on LR90, and I will open the hearing on LR180. And Mr. Vaughan, would you please open on that. [LR90 LR180]

DUSTY VAUGHAN: Good morning, Senator Fischer, and members of the committee. For the record, my name is Dusty Vaughan, spelled V-a-u-g-h-a-n, and I'm the committee counsel. We'll try and keep it brief. What we're talking about here are off-road vehicles, and that's a general term that I like to use for all of these vehicles that are used off road. Just to give a little summary of what we're talking about--ATVs are the big category, and ATVs are treated differently in our statutes than the rest of the off-road vehicles. We have obviously the ag exception for ATVs used on the highways, and ATVs are required to be titled in Nebraska now. They are not required to be registered. We did some changes in the law last year with Senator Stuthman's LB307 that was passed. That basically leaves it up to the cities, municipalities, and the counties, and for unincorporated villages to decide how to use ATVs within their corporate limits. Cities had already been regulating the use of these off-road vehicles, but I think this allowed them to actually permit the use of ATVs for other uses besides ag uses, within the corporate limits. I know Senator Fischer and Senator Fischer's district--I believe it was Stapleton wanted to allow their city workers to use ATVs for their work, and LB307 allows them to do that. We do have a few other definitions in our statutes for these off-road vehicles, including mopeds, minibikes, and low-speed vehicles, which was added last year. As we talked about yesterday, mopeds are...that's a pretty outdated definition. We don't see a lot of mopeds any more. They're more like a scooter type, which we do not have a definition for in our statutes. The minibike definition is...does not fit what the industry labels as a minibike. In the industry a minibike is considered a small miniature motorcycle that children use. Under our state

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definition, a minibike can be any off-road motorcycle, which, if you go to the dealership you'll see these are large, off-road motorcycles that are many times bigger than a regular motorcycle that you would think of. And then the low-speed vehicle, we added that definition just this last year, to cover these...the low-speed vehicle, I should say, is a federal definition that covers some of these vehicles that aren't cars, but they're not really these ATVs. We...that low-speed vehicle definition does not cover the rules of the road, so that only covers titling and registration purposes. Now we brought this study because these new off-road vehicles are becoming a lot more prevalent. We're seeing their popularity grow, and I assume that they are going to continue to grow, based on what I've been told and the sales that we've seen for these vehicles. The more popular new vehicles that we're talking about are these mini...these Japanese mini trucks, the side-by-sides, and these neighborhood electric vehicles. I gave each of you a copy of a description of these vehicles, that you could see them. And I don't think we need to go through these. I just would like to note that our statutes really do not cover these vehicles in any way. The side-by-sides are considered an all-terrain vehicle, but under our definition of ATV, they don't fit so they're really just kind of out there in limbo right now, along with the mini trucks and the neighborhood electric vehicles. There are a majority of states that have allowed the regulated use of these electric vehicles on the lower speed roads. And obviously, yesterday we talked about South Dakota and their liberal laws of how they basically allow anything that has four wheels to be titled as a...or registered as a motorcycle and allowed on the highways that is not the interstate. With that, I will close it and open it up to questions. [LR180]

SENATOR FISCHER: Are there any questions? I see none. Thank you very much. At this time, would anyone like to offer any information or testimony on LR180? [LR180]

BEVERLY NETH: (Exhibit 1) I'll fill one of those out, I'm sorry. I don't...but I do have a copy of (inaudible). Chairwoman Fischer, members of the committee, I'm Beverly Neth, N-e-t-h, director of the Department of Motor Vehicles, here today to provide with information relating to off-road vehicles. In the last several years there has been a

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steady introduction of alternate or off-road vehicles onto the market. It seems that we have...just as we finish trying to figure out how to handle one, another one comes along. The higher the gas prices, the more alternate vehicles we see, and not surprisingly, the higher the gas prices, the smaller the vehicles. As a general statement, most of these vehicles are not eligible for titling and registration in Nebraska. There is a very simple reason for this: the Department of Motor Vehicles is governed by the statutory definition of a motor vehicle found at Section 60,-123 for titling purposes, and 60-339 for registration purposes. Currently, the definition of a motor vehicle in both sections is as follows: Motor vehicle means any vehicle propelled by any power other than muscular power, except 1) mopeds, 2) farm tractors, and then I skip 3 through 5, 6) off-road vehicles, including but not limited to golf carts, go carts, riding lawn mowers, garden tractors, all-terrain vehicles, snow mobiles, registered or exempt farm registration under Section 60-3,207 to 60-3,219 and minibikes, 8) is self-propelled chairs used by persons who are disabled, and 9) an electric, personal assistive mobility device which is commonly known as the Segway. The driver and vehicle records division of the DMV drafted a manual of sorts for use by county clerks and treasurers. I have included that information for your review. Determining if a vehicle in this category is eligible for titling and registration is challenging for the counties, as well as the DMV. Sometimes the paperwork is not overly indicative of the type of vehicle. It is easy to make a mistake. I have spoken with a number of people who have purchased one of these vehicles with the understanding from the seller that they could title and register the vehicle. However, they are told quite another thing by the county and by the DMV, as well, when they call us, also. It is upsetting and frustrating for the customers. Additionally, I have spoken with individuals who are importing and selling vehicles; specifically, the Japanese mini truck. For them, it is just as frustrating. The issue is only made more complicated by the fact that our neighboring state to the north, South Dakota, titles off-road vehicles under its extremely broad, all-terrain vehicle definition. Many of the vehicles simply are not adequate for use on public roads. They lack standard safety equipment and many times are so small that mixing in traffic, in regular traffic, is a real safety hazard. I mean, can you imagine someone on a pocket rocket next to Loy Todd's big black Expedition? That

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would just be frightening, I would think. Others appear to be a good candidate for titling and registration. Whatever the case, under the current law, if the documents state the vehicle is off road, it does not conform with Nebraska definition of a motor vehicle and cannot be titled and/or registered. I'd be happy to answer any questions the committee might have. I think also you do have some treasurers here who have seen the Japanese mini truck up close and personal on a couple of occasions, and it's been a real challenge to try to figure out what to do with those vehicles. [LR180]

SENATOR FISCHER: Thank you, Director Neth. Are there questions? Senator Louden. [LR180]

SENATOR LOUDEN: Yeah. Beverly, on your...last part of your statement here said they lacked standard safety equipment, and you know, are a small mix in regular traffic, and that sort of thing. What is the difference between one of them and riding a bicycle, or one of these three-wheel bicycles down the street in front of traffic? I mean, I would rather have something with some power than to be relying on my feet to get out of a problem. (Laughter) So do you really feel that that's a viable statement to make, that sure, they are probably dangerous in traffic, and so is a bicycle, and on foot and everything else. [LR180]

BEVERLY NETH: Um-hum. Well, I ride a bicycle, and I know exactly what you mean, because it is pretty frightening. But as a general rule, I don't...I mean, I try not to ride on the highways. And I try to ride on the shoulder if I am, because I'm not supposed to be on the roadway exactly. With a motorized vehicle, most people think that if I'm going to drive it, I can drive it on the roadway. So there's not the perception that it's...the perception is, I can just be out there mixing in the traffic. It is one thing to allow people to make a choice that they choose to make, whether they're endangering themselves or others--that's their choice. But I suppose it's quite another thing to sanction that, to say that Nebraska law will allow you to drive pocket rocket, or whatever the case may be. I don't know if you've seen those things, but they're little bitty motorcycles this big, and

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I've seen grown men riding them on trails, and it's just the most idiotic thing you'll ever see. But they go very fast. They probably go 20 miles an hour, so they really could travel on the road. But honestly, you would not see them. I wouldn't even see them in my car if someone were next to me. So you've got not only the person who potentially could be endangering themselves, but imagine if I run over them, I'm going to be, what? Charged with involuntary manslaughter, vehicular homicide? I mean, you've got not just...it's not just the personal choice of the person driving it. There are other people out there on the roadway. So we do our best everyday in the department to try to make sure people are safe. Driving is one of the most dangerous things you'll do, and you know, there are rules in place, I guess, for a reason. But certainly, this is a question for the policymakers. If this is a policy that is appropriate for Nebraska, then titling these vehicles, registering these vehicles, would be the Legislature's choice. [LR180]

SENATOR LOUDEN: Should we title a 10-speed bicycle, then? [LR180]

BEVERLY NETH: I didn't get an ownership document with mine. I don't have a title with that. [LR180]

SENATOR LOUDEN: Well, there's my...because you can go over 20 miles an hour on that 10-speed bicycle, I presume. [LR180]

BEVERLY NETH: Well, I have been known to go a little faster than that, downhill, but it...well, certainly. But I'm riding it in a different manner, I suppose, than I would suppose most people are riding these types of vehicles. It's not a vehicle. There are rules that govern how you ride your bike. I mean, there are dedicated lanes in some communities where you can ride your bike. You certainly don't need to be licensed or anything like that. But there are...and there are really technically rules of the road as to when you can operate, all those kinds of things. So there are some rules. They are not ungoverned, but certainly not governed the way motor vehicles are. [LR180]

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SENATOR LOUDEN: Thank you. [LR180]

BEVERLY NETH: Uh-hum. [LR180]

SENATOR FISCHER: Senator Stuthman. [LR180]

SENATOR STUTHMAN: Thank you. Thank you, Senator Fischer. Director Neth, since the passage of LB307, have you had any people calling in or any concerns about it, or anything like that? [LR180]

BEVERLY NETH: I haven't heard anything from any of the citizens...constituents on ATVs, I really haven't. [LR180]

SENATOR STUTHMAN: Okay, thank you. [LR180]

BEVERLY NETH: Um-hum. [LR180]

SENATOR FISCHER: Other questions? Director Neth, with these Japanese mini trucks...and once again, Valentine is very close to South Dakota--nine miles--I've had a couple of local residents who register their vehicles in South Dakota, which is common. They have these smaller trucks and they drive them into this state. [LR180]

BEVERLY NETH: Um-hum. [LR180]

SENATOR FISCHER: Is that legal? [LR180]

BEVERLY NETH: Well, this question was posed to me by an individual who is selling these vehicles, as well, and I try not to give legal advice, because then it comes back to haunt me. But I would say that probably it's not. I think the vehicle, once it gets here, would be subject to the rules of the road of Nebraska's law, and it would not be a

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vehicle that could be operated on the highways of Nebraska, and so even if they have a registration or title, something from South Dakota. It's not as much reciprocity in titling and registration of titles as there is maybe in the driver licensing arena. Because you hold a driver license in Wyoming you can drive everywhere you want to drive in this country and some foreign countries as well, because we have reciprocity agreements. We don't have all of those same, in many instances, reciprocity agreements with motor vehicle registrations, and so there are a different set of rules you play by. So I'd say it's probably not. [LR180]

SENATOR FISCHER: So our law enforcement should be stopping these and ticketing them and also ATVs and Rangers, if they're not used for ag use? [LR180]

BEVERLY NETH: Yeah, if they're driving around, unless there's a local ordinance, I guess, that governs them inside of the community then. Unless those ATVs or those mules or gators or whatever they are, are being operated according to the 90-degree angle across the road with a flag and all of that stuff, then they're in violation of the rules of the road. [LR180]

SENATOR FISCHER: Okay, thank you. [LR180]

BEVERLY NETH: Um-hum. [LR180]

SENATOR LOUDEN: I have... [LR180]

SENATOR FISCHER: Oh, Senator Louden has another question. [LR180]

SENATOR LOUDEN: Yeah, these mini trucks, I haven't driven one yet or anything. Do they have a drawbar on the back end? [LR180]

BEVERLY NETH: I don't know. I don't know what they have. [LR180]

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SENATOR LOUDEN: My question is, and we have ATVs and we drive them on the highway, and they have a drawbar on the back end. Now how do you classify them different than a tractor? I mean, I can drive my Farmall C or any tractor...I can drive it downtown, drive around town, drive it on the highway, and it doesn't even have to be titled. But yet my ATV has to be titled, and I can drive it on the highway for agriculture purposes, if I got a flag. But this mini truck, now why...what's the difference between it and a tractor? [LR180]

BEVERLY NETH: Well, it's the designation. A tractor really is a...although you drive it on the roadway, it's subject to the rules of the road, as well. I mean, it doesn't...there are some statutes. [LR180]

SENATOR LOUDEN: Well, so are these. I mean, you got to stay on your own side of the road, and there's probably a speed limit on it, and an SMV sign or something like that, but... [LR180]

BEVERLY NETH: Yeah. There's not even...I mean, they're not...because they're considered off road...what the deal is with these Japanese mini trucks is that they're really used in Japan. And what happens in Japan is, they have very strict EPA rules and so these trucks are three years, maybe four years old, and when they hit that age that the EPA rules in Japan kick in, you have to pay an exorbitant fee to maintain that vehicle, to keep driving it. And so it's effectively cheaper to purchase a new one. So we're seeing a glut of these vehicles now in the United States and some other countries, as well. But it seems to be here they're really coming. They're imported now as off-road vehicles, that when their importation documents come, that is what's stamped on them, off-road vehicle. Quite honestly, if somebody who is importing these were able to get DOT or NHTSA to remove the imported stamp of "off road," they'd probably be "titable," registerable, because they are...they're probably the best candidate for registration. If you look at the pictures, and the information Dusty has given you, as well, if you look at

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that Japanese mini truck, as opposed to this Smart Car, the mini truck might actually even be a little bigger than the Smart Car. The mini truck is about six feet long, I think, four feet wide, something like that. This Smart Car, I don't know. I think they might be three feet, four feet, maybe six feet. I mean, they're not huge vehicles. They...I think the Japanese mini truck has most of the safety equipment that's required, as well. It is purely a definition issue with our statute, because it's designated as an off-road vehicle, and our statute prohibits the titling and registering of that vehicle, and the operation of that vehicle on the roadway. [LR180]

SENATOR LOUDEN: Now your off-road vehicle, what's this classification when you import them, if they weight 600 pounds or less they can be imported as an off-road vehicle? Is there a different classification when they're imported, being as they weigh over 600 pounds? [LR180]

BEVERLY NETH: I don't know the 600-pound issue. On these, they're coming in. Their importation documents are stamped "off road." So that is the same thing...it would be the same thing as a title document here, or as a MSO. That's basically the ownership document, the birth certificate for that vehicle. And this vehicle, when it's born, it says it's an off roader. When it's coming here, it says it's off road. That's much of the issue with ATVs and those kinds of things, as well. The manufacturer issues the certificate of origin designated as off-road use only, so the manufacturer is making the decision about how they want that vehicle operated and what they believe are the safe parameters for operating that vehicle. And we're just taking what they say and according to our statute saying it's off road; it will always be off road. And there are particular...like the minibikes that Dusty referred to, people take those dirt bikes and then they retrofit them. They go to, you know, the local bike shop and they get stuff put on them so that they're more road...they're more common to the road. But it doesn't change the characteristic of the birth certificate of that minibike. It's still an off-road vehicle. You can spend as much money as you want in trying to retrofit it for the road, but unless the manufacturer will change the birth certificate, it's still going to be an off-road vehicle.

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[LR180]

SENATOR LOUDEN: Now getting back to that, as you...and I understand how your classification is. But that still shouldn't be any reason to write a ticket for somebody driving one down the highway, because you can drive one down the highway. You can drive a tractor or anything else down the highway without receiving a ticket. [LR180]

BEVERLY NETH: Well, I don't know that you can. I think your tractor...I think they're utilized...there's law enforcement...I don't know how...I mean, I'm not a rules-of-the-road expert, because that really is the law enforcement statute. But I don't know that you could have an unlimited use of a tractor. I believe they are allowed for ag purposes, but I suspect if you tried to drive a tractor, unless maybe it was a parade, or you were making a real statement in Lincoln--even downtown Valentine--if that's what you used as your mode of operation, I imagine somebody is going to get a little ticked off after a while, and you're probably going to get a ticket for it. But if you're using it incident to agriculture, I think then it's probably allowable, but just to drive it...you know you can actually...you can get cited for DUI riding your horse while you're intoxicated. So those things are all...I mean, there are rules of the road... [LR180]

SENATOR LOUDEN: Well, you've got to get on the horse... [LR180]

BEVERLY NETH: ...that go towards everything. [LR180]

SENATOR LOUDEN: You've got to be sober enough to get on the horse. [LR180]

BEVERLY NETH: Well, if you can ride it, you're probably doing pretty well, but nonetheless... [LR180]

SENATOR LOUDEN: What about your German, what? MOG? That was...I had a problem in my...it was a huge tractor affair, is what it was, but you could drive it down

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the highway, and it had kind of a box on the back end, and that sort of thing, and a generator on the side and all kinds of stuff. But yet we...the guy drove it into town he'd get a ticket for it, and actually it was...could be classified as a tractor rather than just the fact that it...drove it down the street. And this is where I'm wondering where you're coming from when you say they probably should get a ticket for it. [LR180]

BEVERLY NETH: Well, unless you're using it incident to ag, I believe, you don't get to drive tractors wherever you want to. So the rules of the road really would say... [LR180]

SENATOR LOUDEN: No, I'll take exception to that, because usually your state highways are your way of getting...that's your transportation artery, so if you have to get one place or the other, you can drive a tractor there. I mean, you can drive cattle down the highway, whatever, but when you say you can't drive it wherever you want to, that's not exactly a true statement. [LR180]

BEVERLY NETH: Let me phrase it this way. You can drive whatever you want to drive, wherever you want to drive it, but you're probably subject to a citation. You could most likely be cited for that. Now the next step would be whether or not the prosecuting attorney would prosecute you for that citation. So, I mean, that's kind of my stock answer to people, which is, do you think I'll get a...can I get a ticket for that? And my answer is, you can get a ticket for anything. Whether or not there's a probable cause to issue a ticket or any justification that you could be convicted of the traffic infraction is an entirely different thing. So I think a pure reading of the rules of the road would be that you cannot have unlimited use of a tractor or a MOG or any of those kinds of things, unless it's incident to ag. So you could be cited for it, but technically, you're right. You can drive whatever you want to drive, wherever you want to drive it. [LR180]

SENATOR LOUDEN: Okay, thank you. [LR180]

BEVERLY NETH: Um-hum. [LR180]

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SENATOR FISCHER: Other questions? I'm happy I brought that issue up. Thank you, director. [LR180]

BEVERLY NETH: Thank you very much. [LR180]

SENATOR FISCHER: Anyone else wishing to come forward? Welcome. [LR180]

GARY J. ENG: Thank you. I'm Gary J. Eng, and I'm the Thomas County sheriff, and... [LR180]

SENATOR FISCHER: Could you spell your last name for the record, please? [LR180]

GARY J. ENG: E-n-g. [LR180]

SENATOR FISCHER: Thank you. [LR180]

GARY J. ENG: And we are seeing a large amount of ATVs or off-road vehicles down at the Nebraska National Forest at Halsey, and these vehicles are very large--600 cc motors on them--and they're being driven by children under the age of ten years of age, with or without helmets out on the trails. They're tearing that forest apart. Basically, what we need are clear and concise statutes to regulate ATVs. Now I understand there's a clear and concise difference between agricultural use for ATVs or off-road vehicles and recreational. I'm talking about the recreational use of ATVs. It...we got to get statutes that say children under the age of 14 can't be using an ATV for recreational use. If the farming community or agriculture their, you know, their children using them, that's different. But when they bring them to Halsey forest and turn them loose out there on those trails at six, seven years old, we ought to be taking the parents to jail for child abuse. But we can't, because there are no clear and concise statutes or penalties to cover them. The federal government or the federal law enforcement officers down there

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won't address it because the state doesn't address it. That's what I'm told. We can't regulate it because you don't have state statutes that are clear and concise to regulate it. The Japanese mini trucks that you've been discussing are starting to show up down there. This is becoming a burden for our ambulance crew out of Thedford. We're all volunteers. We've had to purchase a trailer for the patients to ride on, because we can't get our ambulance down to them in the forest, because they go out on the trails. We had to purchase a trailer and a four-wheeler of our own, because if they have back injuries, broken legs, you know, severe injuries, we have no way...you know, you can't go down in there and carry them out, so we've had to purchase our own four-wheeler, our own trailer. We've had Air Care from Kearney fly into the forest on numerous occasions to airlift people out of there, and it's just becoming a nightmare. Alcohol abuse down there is very high, because it's a federal land. It's just like the lake at Alma; they can drink freely down there, so the parents are drinking and the kids are riding four-wheelers. We've nearly got the same situation...and maybe I should have told you a little more about my background. I spent 22.5 years on the Nebraska State Patrol; fought the wars at Lake McConaughy till we got that under control, with the drinking out there. And what we've found is now, they've now moved to Alma; they've moved to the Halsey forest. Because of the federal lands, they can drink. It's not a state park; it's not a state recreational area. It's federal. But the federal government will not regulate these four-wheelers because they tell us that the state of Nebraska won't, so we're not going to, either. Across the state we've had several subjects just this year fatally injured riding four-wheelers. You know, some of them are agricultural use--that's going to happen. If you want to leave agriculture separate from recreational, I totally understand that. I've lived in Nebraska almost all my life. I've never lived east of Kearney, so agricultural, you know, background...I've never lived on a farm, but I've always lived, you know, in the western part of the state, so I understand agriculture. But it's so clear and concise the difference between agricultural use of ATVs and off-road vehicles than recreational. There is a recreational area down around Genoa somewhere, that they are having the exact same problem down there that we're having at the Halsey forest. And people, you know, unless we want a lot of these youth killed--the parents aren't addressing it--I have

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to have the tools to address it for them. And I get those tools from you people, and I just ask that you give me the tools to address it. And if you want to make it agricultural, recreational...I've been in law enforcement long enough. Sergeant Papstein has been in law enforcement long enough. We know how to declare the difference between agriculture and recreational. Thank you. [LR180]

SENATOR FISCHER: Thank you, Sheriff Eng. Are there questions? Senator Louden. [LR180]

SENATOR LOUDEN: Getting to your agricultural deal, kids under a certain age can drive a tractor on the highway, but you've got to have a license and a permit to do it. I mean, not just any 10- or 12-year-old kid can drive a tractor down the highway. I think you've got to be at least 14 and have some type of an agricultural permit or something like that. [LR180]

GARY J. ENG: That's correct. You get those, I believe, through the Extension office. [LR180]

SENATOR LOUDEN: Yeah, whatever it is. But...well, yeah, and I think you've got to get your regular permit. Anyway, why can't that be applied to these ATVs that are, as you say, are running all over the...as long as they're on state property or state highway? The next question I would have when you mention the Forest Service, they allow drinking, but we have state laws regulating that. Why aren't those laws applied on forest land? And if we have laws for Nebraska, then will those ATV laws be applied on forest land the same as the drinking laws aren't applied? [LR180]

GARY J. ENG: Well, you'd have to ask your legal counsel for the technical points of that. But I've been in law enforcement a long time. I know that people still drink at the lake, and unless they become a problem, law enforcement kind of leaves them alone. If they're drinking in their camper or around their campsite and they're not bugging

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anybody, it's still going on. We don't have enough law enforcement in western Nebraska to address it. But I think I've got enough law enforcement to address the ATVs, because you're dealing with maybe two different situations. I know my county attorney, and I know that he will back me on the ATVs. [LR180]

SENATOR LOUDEN: Now there's...I mean, nowadays you can buy these little ATVs for eight- and nine-year-old kids, for gosh sakes--why, I don't know. But they have them out there for sale. [LR180]

GARY J. ENG: I know. [LR180]

SENATOR LOUDEN: Would those have to be regulated different than...and I know what you mean. You see kids ten years old on one of these big Hondas, you know, that will go forty-five mile an hour. [LR180]

GARY J. ENG: Um-hum, of faster. [LR180]

SENATOR LOUDEN: And you know, you can see that's a disaster waiting to happen. But then again, they turn around and sell them for these kids, with these little bitty ones, and I'm wondering if there has to be a weight limit on the ATVs, or...and an age limit, or how...do you have any ideas on how that would have to be, you know,... [LR180]

GARY J. ENG: If I was... [LR180]

SENATOR LOUDEN: ...we got to write it down. [LR180]

GARY J. ENG: Excuse me for interrupting you, but if I was sitting in your chair, there wouldn't be a child under the age of 14 or 16 riding an ATV, unless it's agricultural purposes. If the law enforcement officer, you know, determines that it's recreation, the prosecutor agrees with his reports that he's written, files the charges and the county

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judge decides that it was recreational, then a stiff penalty or whatever should be imposed. If the judge believes that this youth was using it for agricultural purposes, he can dismiss it. [LR180]

SENATOR LOUDEN: Okay, thank you. [LR180]

SENATOR FISCHER: Other questions? Senator Schimek. [LR180]

SENATOR SCHIMEK: Thank you, Madam Chair. Sheriff Eng, I have a few questions. Give me an idea of the injuries that are happening down at Halsey. I mean, you had to go out and buy special equipment to take care of them, so there must be more than just a handful, right? [LR180]

GARY J. ENG: Well, like I said, we've had head injuries down there that required Kearney's Air Care to fly right into the forest. We've had to purchase, with a grant through the forest, purchased a GPS to where we could give them coordinates so they could find us. We had a four-wheeler on loan from Kearney Yamaha to pull our trailer that we purchased, and last winter they had left it at the forest for like two or three years, and they needed their money back for their four-wheeler, so we were without anything. So we went out and purchased our own so that...basically, what happens is I went to the commissioners and asked for half of the money for the four-wheeler out of my budget, and Thedford Rescue paid for the other half out of their budget, so that I can use it if I...you know, if we have a lost child or if, whatever, anywhere in the county that we need it. We keep it down at the forest. It's housed in a van building, that we've got a grant to purchase, and we keep it right down there, but...because that's where it's used the most. But we're able to, you know, go down there with my Explorer and a trailer and get it and take it anywhere else in the county. We have not had to, but broken legs, any back injuries, neck injuries. You just got to go down in there and get them and put them on a backboard. Our trailer is specially fit to... where you mount the backboard onto the trailer is a floating deck, so that as the trailer comes out of that forest, the deck actually

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slides back and forth to reduce the jar to the patient. But... [LR180]

SENATOR SCHIMEK: Well, I'm interested in what you're saying about Alma, because that happens to be where I'm from, and I haven't lived there for a long time but still have a great interest in what's going on down there. And the fact that these are both federal properties seems to be where the problem is. How about Genoa? [LR180]

GARY J. ENG: Well, I don't think the alcohol abuse at Genoa is an issue, because it's private or state-owned land. I haven't... [LR180]

SENATOR SCHIMEK: State owned? [LR180]

GARY J. ENG: I...Senator, I... [LR180]

SENATOR SCHIMEK: It's a recreation area? [LR180]

SENATOR STUTHMAN: It's a privately owned. [LR180]

GARY J. ENG: Is it a privately owned? I'm sorry, I don't know about Genoa. [LR180]

SENATOR SCHIMEK: Oh, okay. [LR180]

GARY J. ENG: I just know that they talk about, this weekend they're in Halsey; the next weekend they're going to go to Genoa and ride, and then they come back and forth. [LR180]

SENATOR SCHIMEK: Okay. I'm not sure I'm clear about what authority you have on federal lands? [LR180]

GARY J. ENG: We have a contract, law enforcement contract, with the federal

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government and Thomas County. They pay me to do law enforcement on their land.
[LR180]

SENATOR SCHIMEK: Okay. [LR180]

GARY J. ENG: So they're... [LR180]

SENATOR SCHIMEK: But there are still federal officials who can also do enforcement?
[LR180]

GARY J. ENG: Yes. But they have to come from Chadron. [LR180]

SENATOR SCHIMEK: Oh, I see. Okay. [LR180]

GARY J. ENG: Cherry County used to have a contract for McElvie forest land, and it's my understanding they have rejected that contract. Cherry County is no longer doing law enforcement down there. The federal government wants us to do it for a little bit of nothing, and we can't afford to any more. They only want to pay us 44 cents a mile and \$15 an hour. Well, I'm sorry, people, but if I go deliver a summons to your house, I get 51.5 cents a mile to go out and deliver court papers to your house. That's what they ought to be paying us to go down there, and that's the issue. I just became sheriff down at Thedford October 1. I retired from the State Patrol September 30 and became sheriff October 1, so I was not involved in this year's contract with the National Forest Service.
[LR180]

SENATOR SCHIMEK: Would you renew it? [LR180]

GARY J. ENG: I will, but it will be under my terms. It will be more money per mile, and they're aware of that. We're working on it. [LR180]

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SENATOR SCHIMEK: Last question. Are there any mini trucks being driven by youngsters? [LR180]

GARY J. ENG: Not that I'm aware of. They're starting to show up, and it's just been in the last couple, three weeks that I've seen them down there, and I've not seen the younger kids riding those, or driving them. [LR180]

SENATOR SCHIMEK: Driving them. Okay, thank you. [LR180]

GARY J. ENG: I have a big issue with...and thank you very much, if any of you were involved in putting the new seat belt law in, where kids can't ride in the back end of pickups. I thank you very much, because I've lost two close friends...I mean, their kids were killed riding in the back end of a pickup, and that's one thing that I go after pretty hard. [LR180]

SENATOR SCHIMEK: I still worry about the adults, though, that I see riding in the back of a pickup, and I haven't seen that for a long time. [LR180]

GARY J. ENG: Well, I do, too, but... [LR180]

SENATOR SCHIMEK: But I saw it on the streets of Lincoln the other way, three grown men riding in the back of a pickup. It's not smart. Well, thank you very much for being here,... [LR180]

GARY J. ENG: You're welcome. [LR180]

SENATOR SCHIMEK: ...and thank you for your answers. [LR180]

SENATOR FISCHER: Senator Stuthman. [LR180]

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SENATOR STUTHMAN: Thank you, Senator Fischer. Gary, first of all, I appreciate the fact that you came here to testify. These are the things that we want to know, you know, what's happening out in the community. You know, we did pass that LB307 last year, giving the local communities the jurisdiction over those four-wheelers. But you know, the recreational part is a very, very different issue than, you know, the farm use. Most generally the farm use, the kids, it's part of their chores,... [LR180]

GARY J. ENG: Well, yeah. [LR180]

SENATOR STUTHMAN: ...going, doing something for the horses, the sheep, or the (inaudible) calf or something like that. That, in my opinion, is two different issues. But I know that we've got trailer loads of four-wheelers head up to Genoa, you know, every weekend, to go up there to the Headworks or whatever they call it, that...I think it's...Loup Power owns the power for something like that. But I think we need to discuss more how we want to regulate, you know, this recreational part of it, of the four-wheelers. [LR180]

GARY J. ENG: I totally agree. [LR180]

SENATOR STUTHMAN: I really think...and it's going to take a little time, you know, and we possibly need to introduce a bill this year to look into that, as far as, you know, what they allow on like the...in Halsey and stuff like that. I know I've seen little kids, really small, you know, and they just...they do a good job on it, but yet they don't think fast enough when something comes up, and we can't leave them lay. We can't leave an injured person just sit there. [LR180]

GARY J. ENG: No. [LR180]

SENATOR STUTHMAN: So that's the thing that I think we really need to take a serious look at. We've tried to make it so that small communities, you know, would have the

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jurisdiction over them, and I think that's good thing. But now we're dealing with federal lands, and with the recreational part of it. Maybe we have no control over it; I don't know. But I really appreciate the fact that... [LR180]

GARY J. ENG: I think that would be something the Nebraska Attorney General's Office could research for you, and you know, I can do more research, you know, through the federal system, and maybe...you know, Rome wasn't...like they always say, Rome wasn't built in a day. But you know, we need to take a step forward and get to looking at it. [LR180]

SENATOR STUTHMAN: Thank you. I really appreciate it. [LR180]

GARY J. ENG: Thank you. [LR180]

SENATOR FISCHER: Thank you, Senator Stuthman. I do appreciate you being here today, Sheriff Eng. The problem we have in our area of the state with federal lands is--we're all aware of it out here. I think it's important that you brought this today so my colleagues are aware of it, also. I'm surprised by, I guess, the drinking on the Halsey forest, though, up here. Cherry County, in dealing with U.S. Fish and Wildlife on the Niobrara River, we've had almost the opposite reaction, because if you put in at Cornell, which is at the beginning of the federal control on the river, there's six miles that you can't even be in possession of alcohol. It can't be in your cooler, let alone consumption. You can't even be in possession, and many outfitters in this area and tourists to the area have felt they're almost overly zealous in inspecting coolers. So there's almost the opposite problem up here. I'd be interested in working with you on that. My committee counsel just showed me the laws in Iowa. Are you familiar with those, with the age limits on youth operating ATVs? [LR180]

GARY J. ENG: No, I'm not. [LR180]

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SENATOR FISCHER: Okay. Perhaps we could work together on that. Just glancing through it, it looked like it might be something that would not only be reasonable that Nebraska adopt, but it might help with your problem down there, too. So we'll be in touch and work with you on that. [LR180]

GARY J. ENG: I'd appreciate it. [LR180]

SENATOR FISCHER: Okay. Thank you very much. [LR180]

GARY J. ENG: Thank you. [LR180]

SENATOR FISCHER: Any other questions? [LR180]

GARY J. ENG: Thank you for the opportunity to be here. [LR180]

SENATOR FISCHER: (Exhibit 2) Well, I appreciate you driving up from Thomas County to join us. Any other testimony? I see none. Also, in this same e-mail that I received from Senator Rogert, he has some comments regarding LR180. As I said before, I will have that distributed to the committee members, and it will be included on the record. So with that, I would like to thank you all for being here today. I'm very happy with the turnout we've had here in the 43rd District for these hearings. So I appreciate you being here. And with that, I will adjourn the hearing. Thank you. [LR180]