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Transportation and Telecommunications Committee
October 07, 2009

[LR102 LR152]

The Committee on Transportation and Telecommunications met at 10:00 a.m. on Wednesday, October 7, 2009, in the City Council Chambers, 1369 25th Avenue, Columbus, Nebraska, for the purpose of conducting a public hearing on LR102 and LR152. Senators present: Deb Fischer, Chairperson; Arnie Stuthman, Vice Chairperson; Kathy Campbell; Galen Hadley; Charlie Janssen; Scott Lautenbaugh; and LeRoy Louden. Senators absent: Tim Gay.

SENATOR FISCHER: Good morning and welcome to an interim study hearing from the Transportation and TelecommunicationS Committee. My name is Deb Fischer. I am the Chair of the committee and I'm a senator from the 43rd District, Valentine, Nebraska. On my far right, we have Senator Charlie Janssen who is from Fremont; next we have Senator Arnie Stuthman who is from Platte Center; next we have Senator LeRoy Louden from Ellsworth, Nebraska; Senator Galen Hadley had a flat tire. He will be here. He is from Kearney. When he comes in, I will introduce him to you. On my immediate right, I have our committee counsel, Dusty Vaughan. On my immediate left we have Senator Kathy Campbell from Lincoln; next is Senator Scott Lautenbaugh from Omaha; and on the end is the committee clerk, Laurie Vollertsen. This is an interim study hearing. We have two resolutions on the agenda this morning. I do need to go through a couple of housekeeping details with you before we start the hearing. We will be hearing the resolutions in the order that they are listed on the agenda, so LR102 will be first. Those wishing to testify need to fill out a yellow sheet; those are on the back table. If you would fill those out before you come forward, and please hand them to Laurie on the end there before you start to speak, please. (Music playing) We have music going on in here too. (Laughter) For the record, at the beginning of your testimony I would ask that you say your first and last name and spell them, please, for the record. We are going to limit testimony today. We have two resolutions. We will be spending an hour on each one. So we have a light system, and we will have five minutes that you can give a presentation on it, and then senators have the opportunity after that to ask any

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questions to clarify any points that you have brought up. If you don't wish to testify but you would like to express support or opposition even though we don't take it that way here, I would ask that you fill out a sheet and turn that in anyway so we have it for the record. At this time, I would ask that everyone please turn off their cell phones. We don't allow cell phones at the hearing; it disturbs the people that are testifying and those of us--all of us here--who are trying to listen. So please turn your cell phones off. And with that, I will open the hearing on LR102. And I know Senator Giese is here if he would like to open on the resolution, please. And we don't limit his testimony, so he's fortunate. (Laughter) [LR102]

SENATOR GIESE: Not yet, not yet, not yet. [LR102]

SENATOR FISCHER: Good morning, Senator Giese...not yet, not yet. Those are possibilities. Good morning. [LR102]

SENATOR GIESE: (Exhibit 1) Thank you and good morning. Thank you, Senator Fischer and members of the committee. My name is Robert Giese, G-i-e-s-e, and I represent the 17th Legislative District which includes Dakota, Dixon, and Wayne Counties in northeast Nebraska. First off, I want to thank the city of Columbus and Mayor Moser for hosting us this morning. It's great to be here. I would also like to thank Senator Fischer and the rest of the committee for their ongoing work on LR152 which seeks to address the highway funding situation in Nebraska. I recognize that unless we are able as a state...if we can't find a way to increase funding, it will be difficult to get any new roads built let alone remaining expressway segments. So thank you for the opportunity to have the expressways included as part of this important statewide discussion. The topic of LR102, the Nebraska Expressway System, is hardly a new one for the Legislature and for this committee. Originally conceived by the Department of Roads as a result of legislation in 1988, the Expressway System is a 600-mile series of highways that was designed to connect cities with populations greater than 15,000 to the Interstate System, add routes which have an average daily traffic of 500 or more

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heavy commercial vehicles, and add additional segments for continuity. Since the original system was developed, there have been three additional projects totalling 220 miles proposed to the Expressway System as part of the long-range planning: The Heartland Expressway connecting Colorado to the Black Hills, Highway 35 between Norfolk and South Sioux City, and Highway 75 between Nebraska City and Auburn. The controversy over the Expressway System has not been so much which highways were chosen, but with the department's lack of progress on expressway construction. The original 600-mile Expressway System was scheduled to be completed in 2003, and there are currently 179 miles of the 600 that have not been completed in addition to the 220 miles of additional expressway projects. The situation came to a head in 2007 when the Expressway System literally disappeared from the Department of Roads needs assessment, and the State Highway Commission increased the average daily traffic count for building four-lane highways from 6,000 vehicles per day to 10,000 vehicles per day. According to the department, just 24 of the 179 remaining miles of expressway meet this new criteria. As a result of these changes, multiple bills designed to expedite construction of the Expressway System have been introduced over the past two years. In 2008, five bills dealing with the Expressway System were introduced, including several that would have appropriated funds for the specific purpose of spurring expressway construction. Among these bills were: Senator Loudon's LB1034 which would have defined the Expressway System in statute; Senator Flood's LB1129 which would have required the department to consider the impact of uncompleted expressway segments when developing their long-range plans. Both bills were advanced to General File by committee but died at the end of session. My priority bill last session, LB334, sought to combine the concepts of both LB1034 and LB1129 by both defining the Expressway System in statute and adding two additional factors for the department to consider when developing their long-range highway plan. The ability of...(1) the ability of residents of cities of 15,000 inhabitants or more to access the National System of Interstate and Defense Highways, which is the Interstate System, through a completed expressway. And (2) the impact of uncompleted portions of the Expressway System on the economic development of cities along the Expressway System. The committee

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chose not to advance LB334 last session which led to this interim study. Many Nebraska communities, like Columbus, that have worked hard to include expressways in their economic development plans and waited patiently for 20 years have been frustrated by the fact that expressway construction has essentially been put on hold. One of the first things, as we all know, a prospective new employer is going to look at when looking to locate in to a community like Columbus or Norfolk or Wayne is whether that community has a four-lane access to the Interstate System. As long as the expressways remain on the back burner and off the Department of Roads's one- and five-year plans, it will be increasingly difficult for Nebraska's rural communities to attract new business and keep existing businesses in place. In addition to the economic benefits of completed expressways, there are a number of expressway projects that have significant federal dollars earmarked towards their construction, dollars which the Department of Roads has failed to take advantage of by not moving forward with these projects. At the end of this past session, more than \$55 million in earmarked funds for four expressway projects remained unobligated. With construction costs increasingly on the rise, these federal dollars will build fewer and fewer miles of road with each passing day. In addition, the longer that we allow these funds to sit unused, the greater risk that Congress could choose to reallocate any obligated earmarks to construction projects outside of Nebraska that have a chance of being completed sooner. Again, I understand the crisis situation the state currently faces when it comes to highway funding, and I appreciate the committee's efforts to try and find a funding solution. Whatever that solution may be, however, I believe that maintaining the status quo when it comes to prioritization of road projects is unacceptable. Relying on traffic counts alone when improving our highway system while at the same time allowing large sums of federal highway dollars for major projects to sit unused does a great disservice to Nebraska taxpayers. As our nation slowly pulls itself out of this economic downturn, the economic benefits of investing in the Expressway System could be the key to bringing in new business to communities throughout rural Nebraska that have been blindsided by plant closings and mass layoffs. I stand ready to work with the committee to find a solution to the overall roads funding crisis, and I am hoping that any solution will include money to

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finally complete these long-awaited projects. I would be happy to answer any questions. [LR102]

SENATOR FISCHER: Thank you, Senator Giese. Are there questions? Senator Stuthman. [LR102]

SENATOR STUTHMAN: Thank you, Senator Fischer. Senator Giese, do you feel the situation that we have right now of changing the amount of traffic from 6,000 to 10,000, that should be addressed sooner than the funding part because of the fact that if we have to wait until we get to the 10,000 traffic count, we may never reach that goal on some of these expressways to complete that? [LR102]

SENATOR GIESE: Well, both of those are obviously key factors in how we approach this, but if the traffic count is at the 10,000 not 6,000, we'll never get there, so I think we have to address that first before they even qualify for expressway projects. [LR102]

SENATOR STUTHMAN: At the present time if it's the 10,000 traffic count, if there was money available, we still couldn't get it to these...completion of these expressways like from Schuyler to Fremont because we don't have the traffic count, and then it would not even be considered even if there was money available. That's...and thank you for your... [LR102]

SENATOR FISCHER: Other questions? Senator Louden. [LR102]

SENATOR LOUDEN: Yes. Well, thank you for your...well, thank you, Senator Fischer. And thank you for your testimony, Senator Giese. The one that you're talking about that's already federally earmarked, that's this, what is it, 35 or whatever it is going off towards South Sioux City or something like that? [LR102]

SENATOR GIESE: There is money earmarked for that specific project. [LR102]

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SENATOR LOUDEN: For that. Do you know what the costs of that project is or has there been any estimate or... [LR102]

SENATOR GIESE: I don't particularly, Senator, but I'm sure somebody will be able to answer that after me. [LR102]

SENATOR LOUDEN: Okay. My next question is then, has anyone checked into it to see if there's a cheaper way of building that than what they've estimated the cost or something like that? Has anyone...has anybody else checked the figures to see what that cost to that construction of that highway would be besides the Department of Roads? [LR102]

SENATOR GIESE: Not that I'm aware of, Senator Louden. [LR102]

SENATOR LOUDEN: Okay. Thank you. [LR102]

SENATOR FISCHER: Other questions? Senator Lautenbaugh. [LR102]

SENATOR LAUTENBAUGH: Thank you, Madam Chair. Thank you, Senator, for coming today. [LR102]

_____: Can't hear you back here, in case you want to know it. [LR102]

SENATOR FISCHER: Okay. Thank you. [LR102]

SENATOR LAUTENBAUGH: Sorry, sir. Thank you for coming today, Senator Giese. Which sections, if any, meet the 10,000 per day traffic count of the undeveloped parts of the expressway, if you know? I don't recall myself. [LR102]

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SENATOR GIESE: I don't know them all. I would defer to the Chairman, Chairlady, if she knows. I'm sure you do. [LR102]

SENATOR LAUTENBAUGH: Okay. Thank you. [LR102]

SENATOR FISCHER: Other questions? I see none. Thank you very much. [LR102]

SENATOR GIESE: Thank you. [LR102]

SENATOR FISCHER: At this time, I would ask if anyone is interested in addressing this resolution to please step forward. We do not take proponents or opponents; it's just come forward and provide the committee with information. That's the purpose of the interim studies. Good morning. [LR102]

MIKE MOSER: Good morning. My name is Mike Moser, it's M-i-k-e M-o-s-e-r. I'm the mayor of Columbus, and I agree with Senator Giese that completion of the expressway would be critical to the economic development in our part of Nebraska. In the times that I've been involved in hosting potential manufacturers or businesses that were considering moving to Columbus, numerous times they've brought up the lack of four-lane access from Columbus to Omaha and from Columbus to the interstate. And in two particular cases this was brought up, and in both cases we were not selected as a site for these manufacturers, so it is a critical economic development tool. And if we address it only from traffic counts and only build these when the traffic counts reach a certain level, that's kind of looking at it as the exact opposite of economic development. Economic development, you front money or you do things in advance to bring business in not as a response to traffic that you can't handle to build the road. So I think that looking at it from an economic development standpoint kind of stands that traffic count thing on its ear. As far as funding is concerned, I know funding is a problem with all government entities these days, but it's a matter of priorities. You know, we are still spending money on things. It is difficult to prioritize, but I encourage you to give these

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expressways a higher priority and find a way to get them done rather than find excuses, you know, where we need...I shouldn't say excuses, find reasons not to build them. You know, there are a lot of things that we can spend our money on, but there aren't very many things that last as long as a highway would last, so. And then I think that the senator pretty much covered most of the other areas. And I appreciate you all coming to Columbus today to consider our testimony. And I support the bill, and if you have any questions, I'd be glad to answer those. [LR102]

SENATOR FISCHER: Thank you, Mr. Mayor. [LR102]

MIKE MOSER: Thank you. [LR102]

SENATOR FISCHER: Can you hear with the microphone now? [LR102]

MIKE MOSER: Get it a little closer to you a little bit if you can, but yeah and make sure it's on. There's a mute switch on each of the microphones there. Slip it over to on and then you should be...it can't hurt anyway. [LR102]

SENATOR FISCHER: Does that help? Can you hear me a little better now? Okay. Thank you. I want to thank you for hosting us here today in Columbus. [LR102]

MIKE MOSER: Thank you. [LR102]

SENATOR FISCHER: Transportation Committee, we try and get on the road as much as possible to different communities so we are accessible to people and their concerns, and it gives the committee members a chance to travel the highways here in Nebraska, too, and to see firsthand the concerns that local people have. So thank you. Are there questions for the mayor? I see none. [LR102]

MIKE MOSER: Thank you very much for coming to talk to us in Columbus today.

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[LR102]

SENATOR FISCHER: And thank you. Next testifier, please. Good morning. [LR102]

MARLENE JOHNSON: Good morning. My name is Marlene Johnson, M-a-r-l-e-n-e J-o-h-n-s-o-n. Senator Fischer and senators of the committee, thank you for allowing us to be here this morning to bring you some information on our communities. I am mayor of the city of West Point and I am also involved with the coalition, Nebraska Expressways for Economic Development. It's a group of smaller communities that have banded together to put our topic forward on how important these expressways are to us even in the small communities. Just to comment on Senator Stuthman's question on the traffic count, it's really frustrating for the city of West Point at this point in time because we have just passed the 6,000 car per day figure, and now we are out of the loop because of the 10,000. So that is a very, very important thing for the smaller communities. Economic development is very important to small communities as well as large ones because we have to have the ability to attract businesses and industries and people moving into our communities to keep us viable. And we need to have these expressways mainly because, as in West Point, we don't even know exactly where this is supposed to go. We know it's going to go east of town, but they haven't even laid out the footprint on it. And that's very frustrating because when we have someone come to us and ask us about building something, we can't even tell them, well, you might look at this piece of property or you might look at that piece of property because we have no idea exactly where this expressway is going to end up. And so, you know, they could be buying property probably to their benefit, but they could be buying property where this expressway may cut right through. And so that's one of the major problems in expansion of economic development is being able to plan ahead. We fully realize that the funding is not there. Nobody is rolling in dollars right now, none of the communities are. We're all struggling to spend money and to have money to spend. We supported the two bills, Senator Flood and Senator Loudon's bill, last year. And as we do...we did with the horses and highways bill that was introduced last year. We continually want to

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be out here talking to you and talking to anyone that we can because we do not want to fall into the path of Seward and fall off the map. It's just very disappointing that it's not even talked about when we go to Department of Roads meetings anymore. And I think that, you know, even though there's not a lot of funds they certainly I would think could find some funds to be doing something, if nothing else establishing the corridor for us so that we know where that's going to be. I mean, I think there are things that could be done. I know it's going to take a lot of years to get these things finished. But, you know, it's just like we've dropped off the face of the earth and nobody is even considering them. So there's just, you know, a lot of things that need to be involved in this and we'd just appreciate any help that you can give us as far as, you know, being supporters of those of us that still need these expressways in a very, very desperate way. Thank you. I appreciate the ability to talk to you this morning. If anyone has any questions...

[LR102]

SENATOR FISCHER: Thank you, Mayor Johnson. Being from rural Nebraska, I can assure you we have not dropped off the face of the earth. (Laughter) We are the backbone of Nebraska's economy, so thank you. [LR102]

MARLENE JOHNSON: I fully agree. And, you know, West Point is doing quite well actually, but you always need a little bit more than what you have or you want more than what you have, so thank you all very much. [LR102]

SENATOR FISCHER: Thank you. Are there questions? [LR102]

SENATOR LOUDEN: Yes. [LR102]

MARLENE JOHNSON: Oh, I'm sorry. [LR102]

SENATOR FISCHER: Yes. [LR102]

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SENATOR LOUDEN: Yeah, I'd have a question. What makes you think that they went from 6,000 to 10,000? I mean, can you give me your gut feeling on why they raised that up all of a sudden? [LR102]

MARLENE JOHNSON: I do not know why they raised it and we were not even aware that they had done this until it was announced I think at our district three road meeting last October, and that was the first we had heard that they were even considering doing this. And as I said, we had an interim study done in West Point and I found out after the fact, after they announced this that they had then raised it to 10,000 and we had actually gone over the 6,000. And so that was kind of like a, you know, deflated balloon for us. But I don't remember seeing anything and I do read the papers avidly and follow, you know, all of these things and I saw nothing ahead of that district road meeting that I was aware that they were going to 10,000, and I don't even know what the reasoning was. [LR102]

SENATOR LOUDEN: Well, part of that, my observation, would be is they come up with their team so that they were going to work on interstates, they were going to do Platte River Bridge or Missouri River Bridge, and they were going to do maintenance. And in order to reach those goals, they had to do away with any expressway construction, and so this was the simplest way to do that. I'm wondering, has any of you with your engineering departments or anything second-guessed some of those figures? Have you...do you have any way of checking traffic count there? [LR102]

MARLENE JOHNSON: We probably would. As I said, we just had a study with an engineering firm that was done last year, and those were the numbers that they came up with. So it's... [LR102]

SENATOR LOUDEN: Your own private engineering firm? [LR102]

MARLENE JOHNSON: No, it was done by the Department of Roads, so I'm assuming

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that, you know, it's honest because they wouldn't come out with almost 7,000 vehicles a day if, you know, they didn't want us to, you know, be on the alert for this type of thing. So I guess I would, you know, agree with their count. We haven't done it ourselves, no. But, you know, I guess I would agree with the count that they came up with because I live on the east side of the highway and need to get to the west side of the highway and there is a lot of traffic. But, you know, that's something that we maybe possibly would have to do, but it's still not going to do us any good to hire an engineer right now until they are willing to look at the count numbers because I know we don't reach 10,000. [LR102]

SENATOR LOUDEN: Okay. Because we have had issues out in this Heartland Express where I've worked at that when we were getting up to a certain figure, why, they dropped the highway count on us and nobody can tell me why they dropped it 300 vehicles a day... [LR102]

MARLENE JOHNSON: Um-hum. [LR102]

SENATOR LOUDEN: ...when ordinarily you're travelling with more vehicles. So that's what I was wondering if you have any system or if you've done any of that, so. [LR102]

MARLENE JOHNSON: No. You know, and I've asked the question but I've not really gotten an answer on why it was changed. I mean, it was just kind of like, you know, we had to do this. And that's kind of basically the answer that I received on it, so. [LR102]

SENATOR LOUDEN: Okay. Thank you. [LR102]

MARLENE JOHNSON: Thank you. [LR102]

SENATOR FISCHER: Are there other questions? I would like to clarify. If I recall this correctly, the numbers were dropped from 10,000 to 6,000 because the department was

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trying to be realistic about what really is on a five-year plan. For years, a number of projects were on a five-year plan and we all got frustrated because they were never even initiated. And so the department dropped those numbers to 6,000 really to be more open with people that, no, this is not going to happen in five years, it's not on the five-year plan. [LR102]

MARLENE JOHNSON: But now they have then again raised it to 10,000 is my understanding. [LR102]

SENATOR FISCHER: Oh, I'm sorry. Yes, they...from 6,000 to 10,000. [LR102]

MARLENE JOHNSON: Yes, yes, yes. [LR102]

SENATOR FISCHER: And they did that so that it would not show up on the five-year plan and, I guess, raise people's expectations. [LR102]

MARLENE JOHNSON: Right. And I fully understand that it's, just like I said, disappointing when we finally reach that point and now there's no hope for us either, so. But thank you. [LR102]

SENATOR FISCHER: Well, now don't say there's no hope for you, so. [LR102]

MARLENE JOHNSON: (Laugh) Well, not right now. We never... [LR102]

SENATOR FISCHER: We're having these hearings, so. [LR102]

MARLENE JOHNSON: We never give up hope, we never give up hope. We always are positive about all of these things because it's important to our community, so. [LR102]

SENATOR FISCHER: Right. [LR102]

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MARLENE JOHNSON: Thank you very much, all of you. [LR102]

SENATOR FISCHER: And thank you. Nice to see you again, Mayor. [LR102]

MARLENE JOHNSON: Thank you. [LR102]

SENATOR FISCHER: Next testifier, please. [LR102]

LANCE HEDQUIST: Chairperson Fischer, members of the committee and guests here today, my name is Lance, L-a-n-c-e, Hedquist, H-e-d-q-u-i-s-t. I'm the city administrator of the city of South Sioux City. And I appreciate the opportunity to be here today and talk in support of this legislative resolution. Expressways are very vital for the state of Nebraska. They're vital for us to get our products out of the state, but they're also vital in terms of interconnecting the major urban centers across this country to really expand the economy of our state. In particular, the 35 expressway is part of the national highway priority system, and that shows that it has national significance in terms of what it can bear to the state of Nebraska. The 35 expressway provides access between Denver, Colorado, and beyond to Chicago, Milwaukee locations, major urban centers across the coast. Minneapolis, obviously, is included in that. In the city of South Sioux City, we have about 60,000 cars a day that go across our two bridges into our community. And so it is a...we are a major entrance to the state of Nebraska and we're the confluence of two scenic byways coming into the state. And so the highway system also if very important to the convention and tourism business across the state of Nebraska. The 35 expressway does have about \$26 million that's available to it to use to make improvements to the 35 Expressway System. And we have encouraged and worked with the other members of the 35 expressway so that those funds can be directed toward the Norfolk, northeast, southeast connection projects at Norfolk, Nebraska, as well as the interchange in the South Sioux City area which has, by the way, been planned since 1965, so. We might have the oldest planned interchange in

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the state. And then with the balance of those funds to begin to be used from Highway 20 south toward connection of the Hubbard area, which is a very...area that has lots of turns to that location. Would also like to note that in addition to the road use tax, I do think there's going to be another opportunity for the state to consider, and that's the streamline sales tax. There's been a lot of discussion about the streamline sales tax funds that are not being collected in most cases, it is not an increase tax; it's a tax that should be being collected presently but is not in most cases. I do believe there's a good chance the streamline sales tax will pass in Congress next year. There's enough states and enough population for that to occur, and if that does, that will bring a large amount of additional revenue to the state of Nebraska. And I would encourage you before that happens to take a percentage of those increased funds and earmark that for this Expressway System. With that, I appreciate the opportunity to be here and I'd be happy to answer any questions that you might have. [LR102]

SENATOR FISCHER: Thank you, Mr. Hedquist. Are there questions? Senator Lautenbaugh. [LR102]

SENATOR LAUTENBAUGH: Thank you, Madam Chair. Thank you for coming today, sir. Do you know what the traffic counts are on the portions of the expressway that are needed to connect up South Sioux City? [LR102]

LANCE HEDQUIST: In South Sioux City itself, we have 40,000 cars that go across the southern location, across the southern bridge and 20,000 that go across the north bridge that feed into this area. So right at South Sioux City we would have over the 10,000 limit in terms of the volume to start that Expressway System. That tapers out... [LR102]

SENATOR LAUTENBAUGH: Now is that across...that's across from Sioux City to South Sioux City is what you're talking about? [LR102]

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LANCE HEDQUIST: Right. We had about 28 percent of all the traffic between Iowa, Nebraska coming across our two bridges. [LR102]

SENATOR LAUTENBAUGH: Okay. How about going into Nebraska then? [LR102]

LANCE HEDQUIST: It tapers...as it tapers off into the state of Nebraska, that tapers down to 4,000 or 5,000 cars heading into the Wayne and the Wakefield areas. So it goes down and then it picks back up again when you get up to the Norfolk, urbanized area of the Norfolk area. [LR102]

SENATOR LAUTENBAUGH: And of that 26...I'm sorry, was it \$26 million you discussed in federal funds or \$23 million? [LR102]

LANCE HEDQUIST: Yes, \$26 million. [LR102]

SENATOR LAUTENBAUGH: What is the cost of the project itself? [LR102]

LANCE HEDQUIST: Should be about \$250 million, \$260 million was the last estimate that I've seen. [LR102]

SENATOR LAUTENBAUGH: Okay. Thank you. [LR102]

SENATOR FISCHER: Other questions? I see none. Thank you, Mr. Hedquist. [LR102]

LANCE HEDQUIST: Thank you. [LR102]

SENATOR FISCHER: Next testifier, please. Good morning. [LR102]

TRACY PRESTON: (Exhibit 12) Good morning. My name is Tracy Preston, P-r-e-s-t-o-n, and I currently reside in Cottonwood, Arizona, and I'm here on a more

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personal level. I'm here today on behalf of Merlin Preston and his family. In July, my dad is one of the landowners who received the notice of a corridor protection along Highway 35 filed by the Nebraska Department of Roads. I'm sure that probably most of what I say you guys have already heard and I hope that what I say will reflect both to resolution LR102 as well as LR152. You guys were all talking about the vehicle count, what the needs assessment did in 2006. The vehicle count per day along Highway 35 was under 5,000. Before 2006, this didn't meet the 6,000 vehicle count per day let alone the increased count of 10,000. For the year of 2006, the annual average 24-hour traffic count on Highway 35 for the year ending was approximately 3,134 total vehicles of which 354 were heavy commercial trucks. For the year ending in 2008, the annual total vehicle count was an average of 2,996 with 358 being trucks. There was a difference of 138 fewer cars on the highway in 2008 compared to 2006 but 4 more trucks. We read in the media where the expressway is tabled because of lack of funding, yet Congressman Fortenberry has requested approximately \$3.5 million with several proposals he has filed or will file with the legislative highway bill for Highway 35. And I have to admit that this little 70-mile stretch of road has received a lot of attention for going really in the middle of the state where it goes nowhere. Do improvements need to be made? Yes, most definitely. But I cannot help but wonder if Highway 35 hadn't received an expressway designation in 1988 if it would not have already experienced the improvements as such as the widened and paved shoulders along Highway 15. There was a letter that Monty Frederickson wrote to Congressman James Oberstar in September 16 of this year with Wayne County being shown in this map as an economic distressed county. The preferred corridor has the largest impact on Wayne County of all the counties involved. Wayne County alone loses 950 acres, 10 houses, 18 outbuildings, 3 businesses, 32 fields and pastures, and 22 acres in wetlands. This impacts Wayne County in terms of lost revenue for our tax rolls, and it also impacts the other counties as well. For Wayne County, the preferred corridor also results in Wayne County and the city to maintain the stretch of approximately 15 miles that the state will end up giving up on the abandoned Highway 35 corridor. For the city of Wayne, there's a real loss of factor of revenue with being bypassed by vehicles. It would be a shortcut,

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as the city of South Sioux points out in their target report of 2005. However, as with most shortcuts, it is just that. I would guess that for the most part that unless someone already has business in Wayne, they won't be stopping. They'll stop in Sioux City or Norfolk which is established as a hub in the northeast part of the state. In Wayne, there are no significant cultural or historical landmarks to lure tourists to leave an expressway unless it is Udder Delight or the chicken statue on the town hall lawn. (Laughter) And as for the state of Nebraska, it has a projected cost of \$236 million to build this expressway. I would predict that the actual cost would probably be closer to \$300 million. There always seem to be additional costs such as inflation. How can we afford to pay more taxes? I appreciate Nebraska striving to be cognizant to remain within their budget and I appreciate NDOR's frustration to meeting their goals and objectives at a time when the money is tight. And I know that it's been also thought that the state may partner with corporations for support. That would be wonderful, but I also wonder if they do when the four lanes are built, who's going to maintain the four lanes? And you're going to have double the miles that have to be maintained. And I would like to see the highway, instead, be made as a modified...what I call a "modified expressway." Widen the shoulders, put passing lanes on areas where they're needed, you know, make the shoulders the ten feet with eight feet paved for safety factors, and that would allow for the heavier trucks to be able to pass and so on. I'm running out of time. I've based this on what I have experienced living in Arizona with a major road that's connecting the town of Cottonwood to the Interstate 17, which is their major highway over there. And I thought that that was going to be made entirely a four-lane highway, and that ended up only being made four lanes four miles outside of the town of Cottonwood, and there's a seven-mile stretch where it is made with passing lanes on some of the hills, and traffic does move fine and all of that. I would like to see Highway 35 taken out of an expressway designation because its usage as per vehicle count is way too low. And for Wayne, there may be some businesses that say that it's encouraging it, but I see where a flow of maybe times when towns are bypassed that they lose in the long run. I'll quit.

[LR102]

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SENATOR FISCHER: Thank you, Ms. Preston. Are there questions? Senator Janssen.
[LR102]

SENATOR JANSSEN: Thank you, Ms. Preston, and welcome to Nebraska today.
[LR102]

TRACY PRESTON: I grew up here, by the way. (Laugh) [LR102]

SENATOR JANSSEN: Thank you, Senator Fischer. I just wanted to thank you for your testimony. It's kind of a different...I didn't expect that type of testimony, definitely giving me something to think about. But in fairness to Wayne, the Udder Delights and the loose meat sandwich is a landmark of sorts. (Laughter) And having went to college at Wayne State, I could tell you that the state college there also is a landmark that's near and dear, so there is something in Wayne. [LR102]

TRACY PRESTON: I know. But, yes, I agree. You know, for me personally there is. But, you know, it's... [LR102]

SENATOR JANSSEN: And Senator Giese represents Wayne County, I believe. [LR102]

TRACY PRESTON: Yes. [LR102]

SENATOR JANSSEN: Thank you. [LR102]

SENATOR FISCHER: Thank you, Senator Janssen. Other questions? I have a question for you. As Senator Janssen said, I find your testimony unexpected, too, but very thought-provoking. Have you discussed a modified expressway with any of the communities or with the department itself that you've proposed here? [LR102]

TRACY PRESTON: No. I was not aware that this was even really coming down until my

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dad received this letter over the corridor protection against our property and then all of sudden this was like, what's going on? And so it's like as I was thinking about this and working with this and realizing what I was dealing with in Arizona on a highway which sees a lot more traffic than Highway 35, it was like why not just use, you know, this type of thing? And that's why I came to this meeting with this idea and hoping that the committee will consider this and see if there's other ways that it really can be a win-win for everyone, and that's what I'm looking for, and without the impact that it has on the...especially the preferred corridor which is now out. I mean, there's...I've got the figures for all of it, you know, of all the counties, but Wayne is the highest. Dakota County loses about as many acres as far as the fields and the pastures as Wayne County does, but Wayne has a bigger impact with businesses and houses being lost. [LR102]

SENATOR FISCHER: Okay. Thank you. We don't hear that a lot on the loss of valuation to counties and the possible increases in property taxes in order to accomplish the Expressway System and other highway construction. We usually just hear, which will be our next hearing, on the problems in funding for new construction for roads. So I do appreciate you coming here today. [LR102]

TRACY PRESTON: And there was one other thing I wanted to say, and I...for counties that are rural and very small, I mean, taking out over...it's almost, I think, 2,000 acres along this expressway corridor, new land, and they're always talking about this being a winding, twisty road, where, you know, taking that out, well, the area where it's the most winding, twisty, they're still following the original corridor. And I think that is being in part impacted because of its proximity to the reservation. So it's like...it's just taking a lot out, so. [LR102]

SENATOR FISCHER: Right. Well, as I said, I appreciate your perspective. We don't usually hear from property owners and other property taxpayers before the committee, so thank you for coming today. Next testifier, please. Good morning. [LR102]

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DENNIS HOUSTON: (Exhibit 2) Good morning. Good morning, Madam Chair and to your fellow senators. My name is Dennis Houston, D-e-n-n-i-s H-o-u-s-t-o-n. I am the president of the Norfolk Area Chamber of Commerce. I've got a statement I'd like to share with you, and then I'd be happy to answer any questions you may have. On behalf of the Norfolk Area Chamber of Commerce and its more than 600 member firms, the 14,000 area residents our members employ, and the 125,000 people in the Norfolk trade area, we urge your support of any and all fiscally responsible means to complete the Nebraska Expressway System. The Norfolk Area Chamber of Commerce was actively involved along with then-Senator Connie Day and others, when the Nebraska Expressway System was designated by the Legislature as a statewide priority back in 1988. In Norfolk, it remains a top priority today. The Norfolk area business community and the residents of northeast Nebraska have been patient, but 21 years later there is no completion date scheduled and, in fact, it seems the system will not be completed for some time to come. Our membership feels that it is time for the Legislature to honor the commitment made back in 1988. The people you see before you today that represent the rural communities of northeast Nebraska are not asking for special treatment, but simply for the state to follow through on the 21-year-old promise of the Expressway System. The top priority for Norfolk area businesses and residents has long been and--I would like to emphasize--will continue to be the completion of the Highway 275 expressway east of Norfolk that would connect us with the Interstate System. Only in the absence of any short-term completion of this project, we want to go on record as showing our full support for the Highway 30 expressway east of Columbus that would connect the region to the Interstate System. Our hope as a community is that we would at least be able to use the Highway 30 expressway as a short-term solution for our region until highway funds are allocated for the completion of the Highway 275 expressway. We are willing to work together with our neighbors in Columbus and surrounding communities to create a solution that will help many communities in northeast Nebraska get the four-lane roads they so desperately need. The economic impact that incomplete segments of the 1988 expressway plan are having on the state's

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local communities is significant. I ask that the Nebraska state Legislature, working in partnership with the Nebraska Department of Roads, make economic development the most urgent and determining factor in the completion of the Expressway System rather than just mere traffic counts. If we attract new industry, we create new jobs; if we create new jobs, we increase our population and bring Nebraskans back home; we, in turn, generate more tax revenue that is also more diversified, and this additional tax revenue will help cover the costs of the very roads we are discussing today. One of the first questions prospective new industries in northeast Nebraska asked the Norfolk Area Chamber of Commerce and the Elkhorn Valley Economic Development Council is whether the region is linked by a four-lane expressway to the interstate. The answer is always, no. If the state wants its communities to grow, to recruit employers that create jobs, then the expressways are needed as the foundation to do just that. With 179 miles left of the original 600 planned miles, the Expressway System became one of the first casualties of a funding crisis that Nebraska Roads Department officials have predicted will severely restrict Nebraska highway construction for years to come. Increasing construction costs, falling gasoline tax revenue, and expected reductions in federal highway aid have made road construction one of the most challenging issues facing state lawmakers during the last two sessions. I am sure that the 2010 session will be no different. Nebraskans throughout the state know that this project is not going to cost less in the future; it's going to cost more. We urge you to work within the legislative body to find consensus to fund the completion of the Expressway System. People throughout rural Nebraska describe the expressways as the "economic lifeblood" of their communities. Expressways truly are Nebraska's roads to prosperity. Connecting Nebraska communities with four-lane expressways will help develop local economies across the state. The issue at hand is our ability to not only sustain but to also grow rural Nebraska for the next generation. We need your help to lead the charge in support of the Nebraska Expressway System. Thank you for your time. [LR102]

SENATOR FISCHER: Thank you very much. Are there questions? Senator Lautenbaugh. [LR102]

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SENATOR LAUTENBAUGH: Thank you, Madam Chair. Thank you for coming today, sir. Do you know the traffic counts on the portions of the highway we're talking about that would connect up Norfolk currently? [LR102]

DENNIS HOUSTON: I do not have the current numbers. I know we were beyond what the minimums were early on, just with the volume coming in and out of the Norfolk area. We have companies like Affiliated Foods that have up to 1,600 trucks a day just coming out of one facility out of that area. We have Nucor Steel that has, you know, several hundred trucks a week driving out of Norfolk throughout the state and throughout the United States. We have companies like Norfolk Iron and Metal that also have several hundred trucks a day. So we can get to those minimums pretty quickly just with three or four employers we have in town, not to mention the residents of the community. [LR102]

SENATOR LAUTENBAUGH: Now are you talking about the 6,000 minimum or the 10,000 minimum? You're in excess of the 6,000, is that what you're telling me? [LR102]

DENNIS HOUSTON: Yes. [LR102]

SENATOR LAUTENBAUGH: This is an unfair question to ask you probably and it's a perfectly acceptable answer to say that's your job or I don't know. [LR102]

DENNIS HOUSTON: Okay. (Laughter) [LR102]

SENATOR LAUTENBAUGH: I'll tell you up front. My district stretches from Blair to northwest Douglas County and parts of Omaha. And there's a road between Blair that has probably 9,000 a day now, and it's a winding road, and all along the road there are suicidal deer around every turn that want to take you with them. (Laughter) How do I look my constituents in the face and justify prioritizing anything that has a lower traffic count just based upon safety alone? How do I do that? [LR102]

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DENNIS HOUSTON: Safety is an issue for all of us. I've driven that very highway several times myself. I've recently relocated from Omaha to Norfolk earlier this summer to head up the chamber. I think the issue at hand is definitely the safety issue, but it's also how can we help the outlying communities? And we have several conversations with the Norfolk Area Chamber and other chambers around the state and say how can we work together to grow the state? And oftentimes there's that mentality of Omaha against the rest of the world. And I think a number of the chambers throughout the state working closely with the Omaha Chamber want to work together to prove to the outside world that that is not the case. And I think expansion of the Expressway System and other areas of the state that are more rural outside of the Omaha metro I think would be one sure sign to show that. [LR102]

SENATOR LAUTENBAUGH: Thank you. [LR102]

SENATOR FISCHER: Are there other questions? Senator Louden. For the record, I would like to note that we are joined by Senator Galen Hadley from Kearney. [LR102]

SENATOR LOUDEN: Thank you, Senator Fischer. When you talk about from Norfolk, now, how far does 81...you have some four-lane coming south out of Norfolk down 81, is that correct? [LR102]

DENNIS HOUSTON: Yes. We currently have four lane from Norfolk into the Columbus area. [LR102]

SENATOR LOUDEN: Okay. And then when you talk about Highway 35 and that will be the one that goes off towards Sioux City... [LR102]

DENNIS HOUSTON: Yes, yeah. [LR102]

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SENATOR LOUDEN: ...and that's the one that's in question. Now, none of that is four lane at the time, is that correct? (Laughter) Yeah? [LR102]

DENNIS HOUSTON: Correct. It's a two-lane highway. [LR102]

SENATOR FISCHER: Don't be worried. We're not throwing things at you. (Laughter) [LR102]

DENNIS HOUSTON: Okay. Let me know if I need to duck. [LR102]

SENATOR LOUDEN: No, we're not in Iraq with the guy with the shoe. [LR102]

DENNIS HOUSTON: Okay. [LR102]

SENATOR LOUDEN: What I'm wondering is, is there anything that Norfolk has thought about doing...leveraging federal monies and I see Madison County has, what, about two and a quarter...a little over two and a quarter billion dollar valuation. What's your county levy in Madison County? [LR102]

DENNIS HOUSTON: I'm going to let the speaker following me address some of those issues because we have one of our county commissioners that's going to follow me, so I'll let him address that specific part. How is that for passing the buck? [LR102]

SENATOR LOUDEN: Okay. Because I'm wondering, you know, with tight money and stuff and I've mentioned in some of my districts out there that some of these towns will probably...or some of these counties may have to help on some of that match funding or something like that and that's what I'm wondering. If you have a plan and if it has to be that road that goes north through Sioux City if you wanted an outlet with four lanes if you would be further to work towards getting 81 down to Interstate 80 or going east towards I-29? [LR102]

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DENNIS HOUSTON: Um-hum. I think as a community we need to get all the different entities involved, you know, with the local government, county government, and working with neighboring communities to sit down as a group and say what creative solutions can we come up with to help make this work for everyone. We all know that funding is going to be the number one issue at hand. [LR102]

SENATOR LOUDEN: Okay. Thank you. [LR102]

SENATOR FISCHER: Are there other questions? I'd like to follow up a little bit on the direction Senator Louden was taking. In your testimony you spoke of the need to complete the 275 system from Norfolk into Fremont. And then you also mentioned Highway 30. [LR102]

DENNIS HOUSTON: Um-hum. [LR102]

SENATOR FISCHER: I've gone 275 to Fremont and then into Omaha. I've also gone south of Norfolk and then east to Fremont. [LR102]

DENNIS HOUSTON: Um-hum. [LR102]

SENATOR FISCHER: If you're looking at the number of miles to complete an Expressway System, I would think that it would be easier to complete the Columbus to Fremont. Would Norfolk be in favor of that because we are looking at limited funds? You spoke of communities working together and trying to possibly prioritize a system of expressways that would be helpful with limited revenues. Do you think Norfolk would be in favor of forgoing any more new construction on 275 east? [LR102]

DENNIS HOUSTON: Well, let me clarify what I said earlier. What the... [LR102]

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SENATOR FISCHER: I don't want to put you on the spot with your new job here.
[LR102]

DENNIS HOUSTON: No, no, I understand the question. No, but the 275 as I mentioned earlier has been and always would be our top priority because it's our most direct route. We've done some analysis through our legislative council and through some people we've organized through the chamber that have a lot of transportation needs in our community and some of our industry leaders and we've come up with I think 15.1 miles of additional distance making the trip from Norfolk to Columbus into Omaha. It's a solution we look at in the interest of partnership and collaboration with our neighbors if that's what it takes to get us that first step. We don't want anyone to misinterpret that as shut down 275. We're done asking about that because 275 is and always will be our top priority. But if it comes down to is there a step one, a step two, we're willing to work with our neighbors to help make that happen. [LR102]

SENATOR FISCHER: You know, that I think would be very helpful where you have a number of communities in this area, and northeast Nebraska I hope will continue to grow as an area; it's one of the few in rural Nebraska that is. And if you could reach some kind of consensus on truly prioritizing what's needed to benefit the whole area, I think that would be very helpful. [LR102]

DENNIS HOUSTON: Um-hum. Very good. [LR102]

SENATOR FISCHER: So thank you. [LR102]

DENNIS HOUSTON: Okay. Thank you. [LR102]

SENATOR FISCHER: We are getting close to cutoff time, so hopefully we won't ask too many more questions and you can keep testimony short. Thank you very much. Yeah, if you could keep your testimony short if you agree with what's been said before, that

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would be helpful. I am going to let everybody testify. You folks have come a long ways to do this and we're here to listen, so. But please help us out on this too. Thank you. Welcome. [LR102]

LEE KLEIN: (Exhibit 3) Good morning, senators. I'm Lee Klein, one of the Madison County Commissioners. As we very much value your time and commitment, I will not try to repeat all of the comments that have been delivered, but we do want to reinforce the concept that our area needs the 275 expressway finished. Without interstate access or mainline rail service, we truly know what the phrase "where the rubber meets the road" is. The comments by Norfolk Area Chamber of Commerce president Dennis Houston are very fitting. I also have some written comments here that he was going to read but he ran out of time and if I get time, I will, otherwise I'll just give them to you from Doyle Hopper, general manager, Nucor Vulcraft and Cold Finish; Marty Arter, the president of Affiliated Foods; Dirk Petersen, general manager of Nucor Bar Mill, and Dick Robinson, president of Norfolk Iron and Metal. These are just a few of the major businesses that we have in town. I think we need to stress the safety factor that occurs when expressways are completed, not just for the drivers and passengers, but for the residents of the towns and the cities along the way. We believe that to prosper we need to grow and that's why we are one of the largest sponsors of the Elkhorn Valley Economic Development Council, which is made up of Pierce, Stanton, and Madison Counties along with all the cities and towns in those counties. We know that agriculture is still the backbone of our state's economy, but agriculture is and has been in transition for years. Farms are getting larger and the number of full-time farmers shrinks. Transforming the raw commodities to consumer products can make a huge difference in whether state's economic climate and transportation is one of the major keys to getting food manufacturing and processing to locate in our state. Transportation has the same effect on all other types of manufacturing jobs too. Being the center of the country would be to our advantage with adequate infrastructure. Hearing the lady talk from Arizona makes me think about, look at the water shortages in the western United States--and I used to serve on the state water resources board and attended the national water

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resources board--I believe in the next decade or so there will be many people and companies looking at someplace to live and locate that have fresh water, pure air...pure air, fresh water, great infrastructure. We need to create that opportunity now. Again, I wish to thank you for being here and serving our great state. If you have any questions, I'd try to answer them. [LR102]

SENATOR FISCHER: Thank you, Commissioner. Are there questions? Senator Stuthman. [LR102]

SENATOR STUTHMAN: Thank you, Senator Fischer. Commissioner Klein, if you had to prioritize if there was money available and, hopefully, continued source of revenue, how would you prioritize the Highway 31, the 275 one, and the 35 one, if one could be completed and then a next and a next? [LR102]

LEE KLEIN: We don't have a fairy godmother here, but 275 ranks the highest on our list by far, but to accept Highway 30 is a safety factor that at least it's doable with the bypass that is going on on the north side of Columbus makes that a whole lot more tolerable than it would had been if we had to drive up Highway 30. That...it's just one of those things. Thirty-five is farther down our list. But if we could have it all, I'd even like to see 81 done all the way to where it would connect in York and you would have that. But, still, 275 is our highest priority. [LR102]

SENATOR STUTHMAN: Okay. Thank you. [LR102]

SENATOR FISCHER: Other questions? Senator Hadley. [LR102]

SENATOR HADLEY: Just a quick question. Norfolk is in your county? [LR102]

LEE KLEIN: Yes. [LR102]

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SENATOR HADLEY: I apologize for being late. If you could just spend a little money, the pothole that's a block-and-a-half north (laughter) of Whiskey Creek, I blew out a tire this morning (laughter) driving through Norfolk on the way to the meeting here so I just thought I'd... [LR102]

LEE KLEIN: That's a state highway. (Laughter) [LR102]

SENATOR HADLEY: Oh, it's a state highway. Okay. [LR102]

LEE KLEIN: And then the guy that (inaudible) way in the back is the city administrator of Norfolk, so. [LR102]

SENATOR HADLEY: Okay. I just...it's a block-and-a-half north on 81 from Whiskey Creek Steakhouse. I just thought I'd tell you that. (Laughter) [LR102]

LEE KLEIN: We do know that your state department people will tell us that, you know, one foot away from the white line on the edge is ours, otherwise it's theirs, so. (Laugh) [LR102]

SENATOR HADLEY: Okay. I apologize. [LR102]

LEE KLEIN: Thank you. I'm going to submit these comments. [LR102]

SENATOR FISCHER: That would be fine. Thank you very much. Good morning and welcome. [LR102]

STEVE MUESSEL: (Exhibit 4) Good morning. I'll try to cut this down a little bit. Senator Fischer and members of the Transportation and Telecommunications Committee, my name is Steve Muessel, it's M-u-e-s-s-e-l, and I'm the transportation director for Affiliated Foods Midwest out of Norfolk, Nebraska. We service grocery stores all over

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Nebraska and the Midwest. As currently stated, we run about 1,600 trucks per week in and out of the facility; 650 employees that have to rely on safe roads to travel. We strongly encourage the Legislature to do everything within their power to honor the commitment made by the 1988 expressway plan. As you can see by the numbers, it is vital for companies such as ours to have access to four-lane roads for both efficient and safe travel and to continued growth of our business. As a company and a community, we strongly and wholeheartedly encourage the Legislature and the Department of Roads to do everything financially feasible to complete the 275 expressway between Norfolk and Fremont. We also would like the Department of Roads to fully consider the possibility of creating through increased economic development when considering where to spend the limited dollars in future roads projects. The fact without the completion of the four-lane roads we will not continue to grow but, in fact, start going backwards economically over time. We understand the impact of the current economic conditions and other factors have led to the point we're at with the lack of money for new roads. We would ask that you not forget and continue toward the completion of the expressway plan. With that being said, in the spirit of regional economic cooperation, we would like to go on record, along with the Norfolk Area Chamber of Commerce and many other Norfolk businesses, to fully support the finishing of the Highway 30 link from Columbus to Fremont. It appears to be the best possibility of finishing a four-lane project in the northeast sector of our state. With the completion of this road, we will have a four-lane alternative available to the Interstate System in the Omaha area. With this connection to the Interstate System, northeast Nebraska will benefit both from increased economic development opportunities and a safer way to travel to the metropolitan area. I'd like to thank you for your service to our great state, and if you have any questions I'd take them. [LR102]

SENATOR FISCHER: Thank you, Mr. Muesel. Are there questions? I just have a short one. Do most of your trucks go east or west? [LR102]

STEVE MUESSEL: Actually, we travel east a little bit more than any other direction, so

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the 275 would obviously be our preference, but we realize the economic condition we're in, all of us. [LR102]

SENATOR FISCHER: And we appreciate that. Other questions? [LR102]

STEVEN MUESSEL: Thank you. [LR102]

SENATOR FISCHER Thank you very much. Next testifier, please. Good morning. [LR102]

DERRIL MARSHALL: (Exhibit 5) Good morning. My name is Derril Marshall, M-a-r-s-h-a-l-l. I'm here on behalf of the city of Fremont. The mayor is here with me and what I've given to the clerk is a copy of a letter that the mayor has written on this that you will be able to keep. I'll just...in the interest of brevity, I'll just hit some of the highlights. Fremont is in support of the Expressway System as it was originally conceived, and we're certainly...our top priority and our biggest concern is that the segment of Highway 30 from Fremont to approximately Schuyler is completed. It's a vital link to that area. The traffic volumes on that segment of road have increased 47 percent in the 20 years since the expressway study was done. The heavy truck count is up near 600 trucks a day at the present time. So those traffic projections 20 years out, which they would use for the design volume, certainly are going to get you very close to the 8,500-9,000 vehicles a day, doesn't quite make the 10,000. But we think that this is a vital link and needs to be completed. You've got a population base of approximately 100,000 people by the time you consider they're coming from Omaha to Fremont to Columbus and eventually to Norfolk, and so it will have a big impact on the entire area. [LR102]

SENATOR FISCHER: Thank you very much. [LR102]

DERRIL MARSHALL: Any questions? [LR102]

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SENATOR FISCHER: Are there questions? Thank you for being here today. Next testifier, please. Good morning, Senator. [LR102]

LORAN SCHMIT: (Exhibit 6) Good morning, Senators, Chairman, rest of the committee. My name is Loran Schmit and I live at Bellwood, Nebraska, and I'm pleased to have you here. Just like to say very briefly I was one of the legislators that introduced the original expressway bill, and the program started right here in Columbus and we had 400 people got together. And I see Don Heimes is here this morning, Lloyd Castner, there are probably a number of others who are here who were here at that meeting 23 or 24 years ago. Mr. Jim Gerholt assigned Don Heimes to work with the Legislature and we worked together along with the Department of Roads and the businesses up and down Highway 81. And it grew into the Highway 30 projects and the Highway 2 project and the Highway 71 project. All you folks know that it's just a matter of getting 25 votes and that's really how the expressway was built. Senator Lautenbaugh asked about Omaha. We had to do some things for Omaha also, Senator Lautenbaugh. And when you add up the dollars, I think Omaha has done pretty well on this project. But the most interesting thing is, is the cost has gone way out of proportion. We were supposed to finish the project by 2002, I believe, and it cost around \$220 million. Now we're 60 percent finished and we've spent I believe \$600 million. The longer we wait, the more expensive it gets. But also the price of gasoline was much less at that time. Today, the percentage of tax...of revenue per gallon of gas is much less, and so...I'm going to read my testimony. David Coolidge, who was our road engineer at that time said: Norm, when you have a high-price gasoline, you can afford to build roads that you could not afford to build with \$1-a-gallon gasoline. And that's true today. In the last year and a half, we've seen gasoline vary \$1.50 a gallon. And I know the Department of Roads is under some criticism, but if you need more money for roads, put the tax on the gas and do the job and do it now. I also was one of those persons who supported the broadening of highways, and I got a lot criticism for that. But had we built...had we (inaudible) the system and built the highway we were supposed to have, we would have

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saved hundreds of millions of dollars. I know that's a short-term solution to a legislative career, but you're all on eight-year limits anyway, so it doesn't make much difference. (Laughter) Thank you. [LR102]

SENATOR FISCHER: Thank you, Senator. Are there questions? Thank you for pointing out it is the Legislature in conjunction with the Governor, of course, that sets the budget for the Department of Roads which sets the gas tax, the user fee that is currently...pays the bills for our state, local, and county highways. So thank you. Good morning. [LR102]

K.C. BELITZ: (Exhibit 7) Good morning. K.C. Belitz, B-e-l-i-t-z, representing the Columbus Area Chamber of Commerce and our 735 or so business members and the thousands of people, of course, who would depend upon those members for their livelihoods. And certainly I could just say ditto and be done, but will share just a couple of points of emphasis from our perspective. Obviously, the two issues today are inextricably linked. And so our written testimony certainly relates specifically to LR102, but honestly talks as much about the funding question as anything because we all know that the point is moot until there are dollars to make those things happen. And so the written testimony certainly applies to both of our topics today. With respect to this hearing, then, specifically we would just share that we feel like there is opportunity with whatever dollars are available to reprioritize and make the Expressway System a higher priority than it seems to be now. As we've seen, it is simply off the radar screen altogether and that is our concern, and certainly after this many years it shouldn't be. And so from our perspective we obviously would like to see whatever dollars are available prioritized in a way differently than they are currently being. Certainly, that relates to the economic development issues you've heard about today, it also relates clearly to safety. If you talk to law enforcement or emergency services personnel here, they will tell you there has been a dramatic difference in terms of the human cost with the Expressway System that's been finished just east of Columbus compared to the two-lane road that was there prior. We know the same would happen if the rest of it were finished from Schuyler to Fremont and the rest of the expressway as well. Clearly,

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it's just a safer way to travel. And so certainly that issue needs to be considered as well. In the interest of not repeating everything else that you've heard today, we'll stop there and answer any questions that you have. [LR102]

SENATOR FISCHER: Thank you very much. Are there questions? I see none, thank you. Good morning. [LR102]

LOIS SHELTON: (Exhibit 8) Good morning, Senator Fischer and members of the Transportation and Telecommunications Committee. My name is Lois Shelton, S-h-e-l-t-o-n. I am the mayor of Wayne and I will sort of dispense with my first...the first page of my letter to shorten this up a little bit other than to say that I want to recognize that when this Expressway System was first conceived, there was more than just safety involved; it was also to address the socioeconomic value of the statewide Expressway System. We would request that you consider three alternatives for the future. One, it is more important and in the best interest of the entire state to budget a portion of even the most limited Department of Roads funding to continue the Expressway System which has statewide benefits than to internally eliminate funding for expressway completion without the direction from the Highway Commission or the Legislature. Also, new alternatives must be found to fund transportation and roads and the public must be educated about the costs and the need. That will require leadership from the Governor and all elected officials. We commend you and your committee for inviting open discussion of this important task. Third one is, all federal earmark funds allocated for Nebraska should be used. It's been referred to before that we have some earmarked funds for Highway 35 that are still waiting to be used. Many of these require no match at all but they still remain waiting for use. Our existing quality of life is dependent on transportation and access to national and international markets. Nebraska is a whole state and all of the state deserves to have modern, high-quality highway access for its future. Leaving the planned Expressway System unfinished and allocating funding based only on average daily traffic counts is not an acceptable solution to funding shortages. And I would add a couple of comments after hearing some previous

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testimony. We do have manufacturers in Wayne who would welcome a little better access to the major routes out of the state. You know, when you have tractor trailer manufacturers who are producing trailers for the whole country, it certainly behooves us to give them better access to the interstates. And when I'm sure traffic counts are going to come up again now that I'm up here, coming east into Wayne on Highway 35, we average over 8,000 a day. [LR102]

SENATOR FISCHER: Thank you very much. Are there questions? Senator Stuthman. [LR102]

SENATOR STUTHMAN: Thank you, Senator Fischer. Thank you, Mayor Shelton, for your comments. Would you...if we want to fund these roads and are serious about it, should we be looking elsewhere for revenue other than a user fee from vehicles and fuel? [LR102]

LOIS SHELTON: I think we have to explore all avenues. I personally think that user fees are probably the best method, but I don't think at this point in time that we can limit it to that, no. [LR102]

SENATOR STUTHMAN: Okay. Thank you. [LR102]

SENATOR FISCHER: Other questions? Senator Louden. [LR102]

SENATOR LOUDEN: Yes. Thank you, Mayor Shelton. As some of the discussion has been today, it looks like Wayne might be odd man out here if we're going to go down 275, so. I guess with additional funding, how much should the gas tax be raised for additional funding? What's your opinion and the people in your area? [LR102]

LOIS SHELTON: I guess I can't...I don't have an opinion about that. That's something for the people who have more access to the necessary information to set that rate. And

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by the way, I would support 275 because it would also help Wayne. [LR102]

SENATOR LOUDEN: Okay. How much does the gas vary from one side of the city of Wayne to the other side of the city of Wayne in price? [LR102]

LOIS SHELTON: Not very much. We're pretty small. [LR102]

SENATOR LOUDEN: Okay. There isn't a nickel difference or anything like we have in some of these areas? [LR102]

LOIS SHELTON: No, no. [LR102]

SENATOR LOUDEN: Okay. And how much does it vary from, say, Wayne to one of these other towns, Columbus or someplace? [LR102]

LOIS SHELTON: I cannot answer that one either because for one thing, I don't get out of town all that often. [LR102]

SENATOR LOUDEN: Oh, well, you should get out and see the world. Come out to western Nebraska. (Laughter) [LR102]

LOIS SHELTON: I know, I know. Although I was in North Platte last week. And in all honesty, I don't pay attention to the price of gas. I go buy my gas because I need it. [LR102]

SENATOR LOUDEN: In other words, if the tax went up, you probably wouldn't know the difference or would care less. [LR102]

LOIS SHELTON: That's correct. That's correct. [LR102]

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SENATOR LOUDEN: Okay. Thank you. [LR102]

LOIS SHELTON: And I really think that's the case with a lot of people. [LR102]

SENATOR FISCHER: Other questions? Just a point of information, when the 20-year plan was conceived in 1988, if the Legislature and governors for the last 20 years would have funded that plan, it would be complete. [LR102]

LOIS SHELTON: That's correct. [LR102]

SENATOR FISCHER: And the gas tax right now would be about 35 cents. It is currently 26.4 cents. So if it was 35 cents, everything would be complete. [LR102]

LOIS SHELTON: That would be wonderful, wouldn't it? [LR102]

SENATOR FISCHER: We need more people like you to step forward and tell their elected representatives that. [LR102]

LOIS SHELTON: I am very much in support of raising the gas tax because I just feel like if I'm going to use the roads, I expect them to be decent roads and I should pay for it. [LR102]

SENATOR FISCHER: Thank you, appreciate it. Senator Hadley. [LR102]

SENATOR HADLEY: Thank you, Senator Fischer. Just a quick question, Mayor. From the retail section of Wayne, is there ever a concern that if you make it easier for people to get to a larger shopping areas that you basically can decimate your retail operations? If, you know, you're sitting fairly close to Sioux City, if you make it very easy to get to Sioux City or Columbus makes it very easy to get to Omaha or Norfolk makes it very easily to get to Omaha or Lincoln, is there concern with the retail section of your cities?

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[LR102]

LOIS SHELTON: There's always that concern, but the retail section of the city has been decimated already because out-shopping is one of the things that happens as a recreation. And in all honesty, if you make it easier for people to get there, then there's no reason why they can't live in Wayne. [LR102]

SENATOR FISCHER: Thank you. Next testifier, please. [LR102]

DENNIS SMITH: Good morning. [LR102]

SENATOR FISCHER: Short and sweet, I hope. [LR102]

DENNIS SMITH: I hope so. [LR102]

SENATOR FISCHER: And we will need a yellow sheet from you when you're done. [LR102]

DENNIS SMITH: She has my yellow sheet. [LR102]

SENATOR FISCHER: Oh, thank you very much. [LR102]

DENNIS SMITH: (Laugh) I was trying to save some time. I'm Dennis Smith. I'm the public works director with the city Norfolk, S-m-i-t-h. Thank you for taking the time to listen to us today. The 1988 Legislature identified five steps of utmost importance related to highways for future development of the state. Generally speaking, the five were: complete the interstate, remove geometric and capacity efficiencies, resurface to protect pavement integrity, develop a system of expressways, and generally upgrade the highway systems. I believe these items are still of utmost importance today to the future development of Nebraska. With these introductory comments, I believe it is time

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for the Legislature to codify the Expressway System and support the definition included in LB334 introduced by Senator Giese and others. I also support the requirement that the Department of Roads consider economic impacts on rural Nebraska and the uncompleted Expressway System. I'll try my best to take care of Senator Hadley's immediate concern on the (laughter) pothole. And we are working with the Department of Roads to completely mill and inlay Highway 81 from the north city limit's line to about the airport south of town. So hopefully those will be completed in the next year or two and make for a smoother ride through Norfolk. [LR102]

SENATOR HADLEY: The only sad thing is that they also didn't have my size of tire in the city of Norfolk, (laughter) so. [LR102]

DENNIS SMITH: Dennis will work on that. [LR102]

SENATOR HADLEY: Okay. [LR102]

SENATOR FISCHER: Thank you very much. Are there questions? Senator Louden. [LR102]

SENATOR LOUDEN: Yeah. While we were talking about gas tax and everything and Senator Hadley's problem, I suppose that tire is probably going to cost you \$100, maybe \$200 for what you want. [LR102]

SENATOR HADLEY: (Laugh) I'd love it to be \$100, not \$200. [LR102]

SENATOR LOUDEN: Okay. If it's \$100 and the gas tax is raised a nickel, that would be \$2,000 gallon of gas that would have...if you had had a better road, you could have paid the tax on 2,000 gallon of gas. Now, do you use 2,000 gallon of gas how often? [LR102]

SENATOR HADLEY: Hell, at 20 miles a gallon it takes a while, right? [LR102]

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SENATOR LOUDEN: Yeah. So I mean when people put it in that perspective, you blow one tire and you've taken care of your nickel gas tax for a long time, and as I travel around the state I've noticed that. And so if you can get them to raise the gas tax a little bit, you can have better streets in Norfolk. [LR102]

DENNIS SMITH: Well, I would support raising the gas tax and there's more than a nickel difference in gas prices between Norfolk, Columbus, Omaha, West Point in the last 48 hours. [LR102]

SENATOR LOUDEN: I see. Thank you. [LR102]

SENATOR FISCHER: Thank you very much. Next testifier, please. [LR102]

VERN ZWINGMAN: I will try to keep this short. [LR102]

SENATOR FISCHER: Thank you. [LR102]

VERN ZWINGMAN: Vern Zwingman, Z-w-i-n-g-m-a-n, and to not go over what everyone else has said, I just had a couple things I'd like to add. I'm here to represent Nucor Steel-Vulcraft, Cold Finish, and Nucor Detailing Center all in Norfolk, Nebraska. We're a steel manufacturer, producer, manufacturer, fabricator, about 1,000 teammates. And we're a company that normally doesn't like to settle for second best, but in this case I would like to go on record, we would support the Highway 30 expressway. Two seventy-five is a better route for us, but we realize the logistics of it, so we do support that. In our company, we have about 50,000 trucks a year leave Norfolk, and the Vulcraft that I work at, we produce large joist and deck, not actually large deck, but joist and girders. Some of these loads are up to 150 foot overall length, so expressways are very safe for us versus the two-lane little towns, so. That's really the standpoint I'm coming from to add on top of what all the other Norfolk gentlemen have said. That's

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really all I have. [LR102]

SENATOR FISCHER: Thank you very much. Are there questions? Senator Louden.
[LR102]

SENATOR LOUDEN: Since you do a lot of trucking, you use a lot of fuel, what's your opinion on raising the tax on fuel? [LR102]

VERN ZWINGMAN: We'd like to raise the gas tax. No, seriously. (Laughter) [LR102]

SENATOR LOUDEN: How about the diesel fuel? [LR102]

VERN ZWINGMAN: We realize that that's part of it. Do we like it? No. Do we hope that it will be done as economically as feasible as possible? Yes, we do. Will we have to pay more fuel tax, whether it be gas or diesel? Yes, it's probably the only alternative. So it truly is part of doing business and it's probably a reasonably fair way. If you use the highways, you pay the tax, so. [LR102]

SENATOR LOUDEN: As you travel, and I'm sure you run coast to coast with hauling this material... [LR102]

VERN ZWINGMAN: Some material, yes. [LR102]

SENATOR LOUDEN: How does Nebraska rank on their fuel tax, diesel fuel tax, on your trucks than other states? I mean, do you have truckers that try to fuel up someplace else or something like that or does it make any difference? [LR102]

VERN ZWINGMAN: In today's world, it doesn't make a lot of difference because if you proportion your tax per mile, you drive anyway. So as far as fuel tax ranking, I think we are not at the top but towards the top right now, and that's diesel I'm talking. I do not

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know gas, so. [LR102]

SENATOR LOUDEN: Yeah. All right. Okay. Thank you. [LR102]

VERN ZWINGMAN: You bet. Any questions? [LR102]

SENATOR FISCHER: Thank you very much. Are there questions? Thank you. Next testifier. I see we have two more people. [LR102]

JOHN BENNINGTON: Thank you for your time, Senators. My name is John Bennington, J-o-h-n B-e-n-n-i-n-g-t-o-n, and I'm the general manager at Grey Stone, Incorporated in Columbus. We manufacture heavy equipment for mining. A couple of items I kind of wanted to hit on that have kind of come up. One of our concerns is, is Grey Stone makes a fair amount of equipment that's oversized, so overwidth trucking does concern us. And, obviously, two-lane roads make it difficult to get the equipment to the interstate. We produce equipment for all over the United States and actually all over North America, so getting out of Columbus to the Interstate System is extremely important. Obviously, oversized loads do create a safety concern between here and North Bend. The vast majority of what we ship goes east or south and it's two-lane roads most of the way both directions. We do buy some stuff from Nucor, so it's good that their interest that that road got increased in size. It also...and not only that, recently Columbus added a new manufacturer, Katana Industries, and pretty much everything they manufacture is oversized loads, so. And it seems to me that's the cutting edge of the alternative energy sources in this country, so that kind of industry is going to be severely limited to coming to Columbus or to Platte County or Norfolk if this type of stuff is not done. So, therefore, we would definitely like to see the roads taken care of. Talking about populations, Platte County was one of, I believe, only three counties in the state that actually grew in population in the last census. If we wish to continue that or even expand it out to some of the other more rural counties, that's very important, roads are definitely the issue on that. One thing speaking of jobs, there was a study

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done a few years ago that short of the space program, building the highway systems is the best use of stimulus money that the government can use its money on. So we would definitely recommend that. And a couple of comments that were made earlier. One thing is that as a citizen of Columbus, we do go to Omaha rather regularly to do some shopping. Now, recently the retail business in Columbus has gotten much better, so that's helped out. So I don't think that the highway system necessarily proves whether or not you're going to drive to go to Omaha or not. If the store is in town, you're going to go in town; if it's not in town, you'll do what you need to do to get to the store. The other thing is, is that one comment that was made I believe by Senator Loudon about could the counties help out. In some cases that may be the best route, but right now the part of the highway system that Columbus is most dependent on is in Colfax County. And I'm sure the commissioners of Platte County are not going to go and write a check to Colfax County to help them. So it seems to me that the state is the best mechanism to get all of us connected to the Interstate System, so. That's all I have unless anybody has any questions. [LR102]

SENATOR FISCHER: Thank you. Are there any questions? I will let you know that the state of Nebraska did use its stimulus money that was set aside specifically for roads. Most of the projects covered the entire state, the majority of them were for maintenance, they were shovel-ready projects. [LR102]

JOHN BENNINGTON: Right, right. I understand. [LR102]

SENATOR FISCHER: So that it is being used. Thank you. Last testifier, please. [LR102]

DEL RAE BEERMANN: My name is Del Rae Beerman, and have I...I've been here... [LR102]

SENATOR FISCHER: Could you spell your name? [LR102]

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DEL RAE BEERMANN: Del, D-e-l R-a-e, last name is Beermann, B-e-e-r-m-a-n-n. I am a landowner and I live on Highway 35. And I've been listening to everybody with all the...you know, the towns and all of this and I'm disappointed that we don't have more people that are from the rural area because it is affecting us totally. And I know the 80 acres that...well, we really have 80 acres that is going to be totally destroyed as far as farming and stuff like that. And I think that that needs to be looked at as to where this is going to go and what you want to do. I'm not against progress and stuff, but let's see what we can do. And like I say, most of the agriculture people must be in the farm because they...you know, doing the harvesting, so I guess I'm here to help represent that. [LR102]

SENATOR FISCHER: Thank you. [LR102]

DEL RAE BEERMANN: Okay. [LR102]

SENATOR FISCHER: Appreciate you being here. As I said earlier, we don't always hear that perspective here in the committee. [LR102]

DEL RAE BEERMANN: Yeah. And I think, you know, I thought there would be some other people that would be here, but I guess they're...you know, I'm hearing from all the towns and stuff, and that's understandable. But I think it's good to look at the agriculture end on that. [LR102]

SENATOR FISCHER: Thank you. Are there questions? Senator Louden. [LR102]

SENATOR LOUDEN: Yes, well, thank you for your testimony. I guess my interest would be, do you know if they're engineering a four-lane expressway? Is that what you're talking about and they're taking quite a lot of land? [LR102]

DEL RAE BEERMANN: Yeah. They're going right between two of my houses, to our

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houses. [LR102]

SENATOR LOUDEN: Now, are they...and this is a question I posed to some of these engineers, are they building an expressway with a big old garden out between each lane, as I call it? [LR102]

DEL RAE BEERMANN: Yeah, I think it is. And we live like two miles from Highway 20 that is a four lane. I live a half a mile from 110. I'm on 35 that also is three and a half miles from where the 35 and 77 intersection is. So, you know, is there a way to work with some of the roads that are there instead of starting a new one right between, you know, some of that area? [LR102]

SENATOR LOUDEN: And the reason I'm wondering is in some areas early on in the interstate, being there's enough room in between there, you could run a thousand head of cattle, you know, every 25 miles. And yet in farther places out like as you go over the wildcat hills and stuff, you have your lanes side-by-side with the kind of a concrete ditch in between. I'm wondering will something like that make a difference on the amount of land they would use in your area if they put the lanes closer together in the middle? [LR102]

DEL RAE BEERMANN: Well, I think they probably have to have it pretty close together because we own a house on one side and then this side, and in between they're putting a four-lane highway that basically I'm sure they can't really do too much other than we're going to have... [LR102]

SENATOR LOUDEN: And this is all high-dollar farm ground that they're going through? Okay. Thank you. [LR102]

DEL RAE BEERMANN: Okay. Sure. [LR102]

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SENATOR FISCHER: Thank you very much. Other questions? I see none. (See also Exhibits 15, 16) With that, I will close the hearing on LR102. I thank you all for participating. And I will open the hearing on LR152 and, Mr. Vaughan, would you give the opening, please? [LR102]

DUSTY VAUGHAN: (Exhibit 9) Thank you, Senator Fischer and members of the committee. For the record, my name is Dusty Vaughan, spelled V-a-u-g-h-a-n. I am the legal counsel for the committee. Most of you have heard this introduction before so I'll try and go quick, but I just want to give some background for the people so they know exactly what kind of highway funding crisis we're facing. I'll just make a few quick points. Right now, basically there's no capital expansion going on whatsoever, expressway or any projects. This cost of seven of the highest priority projects right now is roughly \$730 million. Currently, two of those are being worked on, that being the interstate expansion between Lincoln and Omaha and the Wahoo bypass. All others are put on hold because we have inadequate funding. What everybody has been hearing about funding in the past several years, we've talked about how we're not going to have any money for capital expansion. Well, now it's worse. We're not going to have any money to preserve the current system, which is the number one priority of Department of Roads. They estimate it costs \$286 million to preserve the roads, the current system, and the department estimates that their construction program will be at \$300 million next year. So you can see that very soon we're going to cross points where we can't even preserve the current system, much less expand expressways or whatever else there may be. Because we employ a revenue sharing structure, the local governments are in the same boat as the state. We've talked about how there are several communities that rely exclusively on the state Highway Allocation Fund. So unless we get something fixed at the state level, they will have the same problems that we do. And the final point I want to make is our historic reliance on the gas tax needs to be changed. Historically what we've done is increased revenue through increased consumption, and that is no longer the case. I think our high watermark was in '07 on gas tax collection. With more fuel-efficient vehicles, with the federal government raising the miles per gallon standard

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on car manufacturers, relying on that increased consumption is a thing of the past, so. Not to say that the gas tax doesn't have a place in our highway funding structure, it just maybe needs to be altered. And with that, Senator Fischer, I will turn it back to you. [LR152]

SENATOR FISCHER: Thank you, Mr. Vaughan. With that I would encourage anyone who would like to testify on this to please step forward. We're running about 30 minutes behind my anticipated schedule, so I would ask that you be ready to testify and have your sheets to hand in. With that, welcome, Governor Thone. Nice to see you. [LR152]

CHARLES THONE: (Exhibit 10) Yes, I'm Charlie Thone of Lincoln. I've been a long-time attorney and consultant for the Pan American Highway Association; that's a Nebraska U.S. Highway 81 which runs from Kansas border up to Yankton, South Dakota. I've been a firm and true believer in better and safer Nebraska roads for a long, long time. As a matter of fact as I told your committee last year, Bob Crosby and I actually joined to actively lobby for more funding for the Highway Department. And I also appeared before your committee on February 19 of last year, and today I'm reaffirming some of the points I made then. And I have a statement here, Senator Fischer, and I'd like to include it in the record, and I'll get to the nitty-gritty of this whole thing in just a minute. By the way, I'm appearing here today as the attorney consultant for Highway 81 and not as a lobbyist. And I will confine my representation activities to this hearing matter. The Pan American association, specifically the Nebraska 81 group, strongly supported your LB1129 of the last session to make expressways a part of the roads planning process each year and to consider the economic development potential of better and safer roads, in setting priorities also. Frankly, I thought both of these conditions were clearly understood and ingrained in the Highway Department as mandated by the Legislature some 20 years ago. Pan American still supports completion of the entire designated expressway system. They made pretty good progress on the north/south designated expressway--that's the one I represent--and they completed 115 miles of it, four-lane expressway, from the Kansas line through York. And then there's a terrible gap, a

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42-mile gap which runs north of York through Stromsburg, Osceola, and Shelby, east and west to A.E. Junction 92 south here of Columbus. The estimated cost, though, of that gap, as we see it, is under 2009 price is \$100 million. So what's the basic problem? Senator Fischer hit it right on the head. When we established this whole expressway system some 20 years or so ago, we assumed that they would continue with adequate funding. The Legislature...and highway taxes, any taxes are political hot potatoes, as we know, just didn't come up with the money. Future funding as currently structured...and it won't begin to cut it, as he just explained to you here. To the contrary as we see it, a real revenue crisis currently threatens badly needed highway construction. The roads appropriation for 2010 is \$368 million. And it takes about \$280 million of that just for maintenance and preservation. So now it's really pretty much maintenance and preservation which I would hope would be totally unacceptable, especially to this key committee. I like to call the highway user taxes, specifically that--user taxes, very fair taxes. By the way, a lot of nonresidents who use our systems contribute to that. At the annual meeting in November, Pan American is having its session specifically devoted--the Nebraska section of it--to the following alternative methods of addressing the looming Nebraska road construction catastrophe: (1) of course, motor fuel tax increase at least 3 cents. That would bring in about \$36 million a year; (2) sales tax on motor vehicles and ag equipment repair. That would bring in \$17 million. Sales tax on fuel purchased at pump--that's a big one, \$198 million a year. Sales tax transfer from General Fund, \$30 million a year. Income tax transfer from General Fund, another \$30 million. Double the motor vehicle registration fee which has been \$15 since 1969--and that excludes, by the way, heavy vehicles--that would bring in \$44 million. Forming transportation improvement districts with voter approval and, of course, the revenue on that would vary considerable. Use General Funds for programs, functions, and transit projects that are now paid by the Department of Roads. That's another \$10 million or \$15 million annually. Here's a hot one I guess: issue highway revenue bonds up to \$50 million which is currently authorized under current law. The light just went on. Toll bridges or roads even or as I said here when we have our discussions and everything, none of the above or something else. I think the clarion call, though, for all of us should

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be that Nebraska badly needs and will benefit tremendously from better and safer roads. My time is up. Any questions? [LR152]

SENATOR FISCHER: Thank you, Governor. You gave us a number of ideas here. I was trying to keep up with you. What did you have after double the motor vehicle registration fees? [LR152]

CHARLES THONE: Forming transportation improvement districts... [LR152]

SENATOR FISCHER: Ah, yes, yes. Thank you. [LR152]

CHARLES THONE: ...with voter approval. That's worked tremendously well in several states. And we intend to go into some detail on that at our meeting. [LR152]

SENATOR FISCHER: Thank you. Are there any questions? Senator Stuthman. [LR152]

SENATOR STUTHMAN: Thank you, Senator Fischer. Governor, thank you for your comments. I was a little bit disturbed on the fact of trying to get money from a whole bunch of different entities to fund this. You know, when you double the motor vehicle, you know, some of their \$15 and stuff like that, you know, a lot of vehicles travel very little. You know, that would be a greater burden on them. In my opinion, an increase in the fuel tax is the best because, you know, you use the fuel and then you're on the road. [LR152]

CHARLES THONE: It's truly a user tax. [LR152]

SENATOR STUTHMAN: If you double your registration, that vehicle maybe only goes to church once every other week and probably never uses a real highway. There's a lot of vehicles like that. There's a lot of vehicles that are licensed that are hardly ever driven, older vehicles. I just feel that, in my opinion, a user fee is the best route to go. Would

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you support that more than the doubling of the motor vehicles? [LR152]

CHARLES THONE: Yeah. Well, personally, I probably would. I'm representing my group here and they'll make a determination of this at their November meeting, Senator. [LR152]

SENATOR STUTHMAN: Oh yeah, yeah. And I appreciate that, I appreciate that. You know, I'm supportive...I'm totally supportive of a user fee. If you put fuel in your tank, you're going to be driving on the road. [LR152]

CHARLES THONE: Yeah. A lot of nonresidents would contribute, too, that don't pay a nickel now. [LR152]

SENATOR STUTHMAN: That is very true. And they are utilizing the road, they're travelling from one state to another, and I think that's just a good route to go, so. Thank you. [LR152]

CHARLES THONE: I shouldn't say they don't pay a nickel now because there is a substantial tax. Nebraska is a heavy tax state in this area, but Nebraska is a big state--77,000 square miles--and we have limited population. And you add all that up and you know you're going to have to pay for an adequate highway system if you're going to have it. [LR152]

SENATOR STUTHMAN: Yeah. So thank you for your comments. [LR152]

CHARLES THONE: Oh, you bet, Senator. [LR152]

SENATOR FISCHER: Other questions? I have a couple for you. [LR152]

CHARLES THONE: Uh-oh. [LR152]

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SENATOR FISCHER: Oh, no. Come on. Nebraska as you know, Governor, relies heavily on the fuel tax, and that's becoming more and more of a concern. As you said, the Legislature backs away from raising any tax in that... [LR152]

CHARLES THONE: That's a hot potato. [LR152]

SENATOR FISCHER: ...and that, you know, includes the user fee gas tax that we have. What was interesting, we had these hearings in Kearney, Norfolk, Scottsbluff, and Alliance. And people presented us with about 28 ideas, that's our running count so far, on how we should fund roads. And at these hearings, most of those ideas were to raise some kind of tax, as you suggested here, or some kind of fee, as you suggested here. Do you think that that would be accepted by the citizens of the state? I would take it that most of the people that are at this hearing are here because they have a direct interest. They're either with county or city government, they're with economic development groups, they're with chambers, they're representing constituents who benefit from good roads who realize, who realize that they benefit from good roads. Do you think the average citizen has that realization on the importance of our infrastructure to everyone in the state of Nebraska? [LR152]

CHARLES THONE: The honest answer to your question is no. [LR152]

SENATOR FISCHER: How do we get that out there? [LR152]

CHARLES THONE: I think it takes some real leadership. I think it takes some leadership especially from the Unicameral. I think it takes leadership from Governor Heineman. It's not an easy sell, I wouldn't kid you that. You've been around the track enough to know that the average person, he kind of takes that whole thing that Senator Long from Louisiana used to tell on....he was Chairman of the Finance Committee for...don't tax me; don't tax thee; tax that man behind the tree. In other words, all the

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taxes are all right if someone else pays them, and that applies here. But I think it just takes some real leadership and I think it could be sold, I really do. [LR152]

SENATOR FISCHER: You know, it's been difficult because Nebraska relies so heavily on the gas tax. You know that we haven't gone after General Funds in the past to pay for roads because that's stealing from education, it's stealing from health programs. That's how I view it. We need to be careful on it. So when I look through your list of items, I appreciate the work you went into in coming up with this, and I hope we hear from other people some suggestions, too, because I happen to personally believe it's going to take a packaged approach in order to... [LR152]

CHARLES THONE: You're probably right, yes. [LR152]

SENATOR FISCHER: ...in order to solve the crisis that we have. [LR152]

CHARLES THONE: Yes. I think you're right. [LR152]

SENATOR FISCHER: Well, I appreciate that. (Laugh) Thank you, Governor, for being here. [LR152]

CHARLES THONE: You bet, and thanks to this committee. [LR152]

SENATOR FISCHER: Next testifier. Welcome, again, Senator. [LR152]

LORAN SCHMIT: (Exhibit 11) Thank you, Senator. My name is Loran Schmit, L-o-r-a-n S-c-h-m-i-t. I'm testifying here today on behalf of the Association of Nebraska Ethanol Producers. I appreciate the hearings that have been held by the committee and the work you've done on this project. Nebraska Legislature has for many years worked closely with the Highway Commission and with, you know, the Governor to devise a transportation system for the state that will serve all of the people of the state.

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Resources of this state are spread across the entire state that can only be developed and enjoyed by all the citizens if the state has a adequate highway system and if it is maintained well. The state of Nebraska has done a pretty good job in that area but except, of course, we're in a crisis at this time. Two years ago, several legislative bills were introduced that would have placed a tax on ethanol, the revenue which would be directed to the Highway Trust Fund. There has been a recent suggestion that an excise tax on ethanol is an alternative which should be considered by the Legislature. Ethanol sold in Nebraska is taxed at the pump at the same rate as gasoline which is as it should be. The 2007 proposal suggested that excise tax be imposed on ethanol which leaves the state. The argument in support of that legislation was that ethanol which leaves the state depletes the natural resources of the state and, therefore, should be taxed. I want to make it clear that I'm opposed to such a tax because if such a tax were levied on ethanol which leaves the state, some future legislator or Legislature might decide that all such resources which leave the state ought to be taxed. And we are huge exporters of cattle, pork, grain and I think that would be a very bad policy. I think that it may be...it may also be a violation of the Interstate Commerce Clause to tax that kind of a product. Imposing a tax on ethanol does not solve the problem which the committee is trying to address. If the Department of Roads needs additional funds, I believe the user system is fair. I appreciate my predecessor Governor Thone his number of suggestions, and I don't very often disagree with Charlie Thone, hasn't paid me very well to do so over the years. But I think sometimes when you broaden the effort to do that, it's kind of like cutting the dog's tail off an inch at a time. We all pay the cost one way or another, whether we pay it for registration fee or General Fund, some other fund. So, as I said in earlier testimony, we've seen the price of gasoline vary \$1.50 in the last year. We have...in Lincoln, Nebraska, I think there will be a 20 cent difference in gasoline prices from one part of the town to the other. In Bellwood I'm whipped because we only have one station and I have to pay (laugh) whatever they ask me. But, anyway, I think that, you know, I'm a firm believer in visible taxes because if the tax is visible, then the public knows what they're paying and what it's going for, and then we're held accountable for it. The Legislature is held accountable, the Governor is held accountable, and the

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people know where the money is going. If you hide a tax...which is sort of what happens with sales tax, it's kind of a hidden tax and so it's kind of easy to spend that. So I think that it's very important that we make the tax fair which is a user tax, we make it visible which is the gas tax, and we make it sufficient to do what has to be done. You can...we have a large state, as Governor Thone said. We have a lot of miles to maintain and to build. It's like my wife and I living in a six-bedroom house: It was fine when the kids were all home; we don't need it today and it cost a lot of money to heat it, but we can't burn the thing down. It's 100 years old and no one would want to buy it, so we keep living in it (laugh) and we'll probably die there, at least I hope I do, not right away, of course. (Laughter) But I think it's...we need more tax dollars. We ought to get them from the gas tax because we should not just try to raise that money from some sector which is more vulnerable than another. I think that we have to raise another question which Senator Hadley kind of raised and I know this isn't a good thing to bring up. But I like to raise a question as to whether or not we're making the best use of the revenue we have in the state. I know we have a lot of qualified individuals in our highway system. But I want to call your attention to Nebraska's freeway system. Seven miles south of Columbus was the first section that was built and it is in good shape today. No problems. Very few cracks. No potholes. Last Sunday, I drove four miles north of Columbus. The section of the highway to junction of 30 and 81 for one mile to 40th Avenue, no potholes, no problems. The next four miles I counted 150, approximately, repairs in that section of highway on the right-hand side of the highway. Coming back I counted 125. I could have counted more but they came up faster than I can count them (laughter), and that's very disgusting to me. Somewhere along the line that job wasn't done right, and all of you have had similar experiences. And so I'm suggesting that maybe we need better supervision of the construction projects, and maybe we should have some state inspectors out there who make sure that those roads are well built. When that road was first built, portions of it had to be ground down because it was so rough. If you drove a pickup with a cattle trailer behind you, it would jar your teeth off coming down that road, and it's much better today but it's still not good. And so those roads should not be deteriorating within ten years after they've been built. And there's been a lot of other

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work on that road which I think you ought to take a look at sometime. I think that we ought to remember that they're going to say you can't save money, enough money to do the job just by doing a better job. But money that is spent on repairs on a road that's not ten years old is wasted money and we ought not to allow it. I know the Department of Roads are a highly professional organization. I don't think they enjoy spending their time and resources trying to patch up a road that was improperly constructed. And in conclusion, I want to say if it is necessary to add revenue to the Highway Fund--and I think it is--then we should raise the gas tax. Thank you very much. I'll answer any questions. [LR152]

SENATOR FISCHER: Thank you. Are there questions? Senator Stuthman. [LR152]

SENATOR STUTHMAN: Thank you, Senator Fischer. Thank you, Senator Schmit, for your testimony. Would you be supportive of an idea if we did raise the fuel tax that it would be designated for the completion of the expressways? [LR152]

LORAN SCHMIT: Expressway is near and dear to my heart, Senator. If you can get it done, more power to you. You only need 25 votes. And you might have to expand the expressway system enough to get 25 legislators who would vote for it (laugh). That's the way we got it passed the first time. I think the expressway system furnishes a need. Three-fourths of the land mass of Nebraska lies north of the interstate and we're very important to the entire state. And if we ignore that portion of the state, eventually we're all going to crowd into Omaha, Senator Lautenbaugh, and cause additional congestion in that city. And so the resources out here have got to be utilized only by a good transportation system, and I think you do what you have to do. You know, the automobiles cost twice as much today as they did in 1986 and '87, and we're not...I know it's not popular to talk about increasing the taxes, and the gas tax you get a lot of criticism about it, but when you run over that pothole, Senator, as you just did, you'll say: Build the darn road, take care of it, maintain it. And I think that's the way it goes. We've got them here. You know, it's like my big old house: It cost a lot of money to

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maintain it, but I've got it, I've got to maintain it. We've got a system that's got to be maintained and we've got to pay the bill, and we're not going to be able to do it unless we just bite the bullet and take the heat. And I think that we'll...I think, as Governor Thone said, people don't really appreciate it unless it's their own road which is bad, then they understand what the problem is. Thank you very much. [LR152]

SENATOR STUTHMAN: I just wondered. And the reason I asked that question is that, you know, designate that amount of money for those expressways. The problem that I see if we don't do that, in my opinion, if we raise the fuel tax, it will go where the population is and we will never get some of these completions done unless we designate it for that, but it's going to be very hard to get that accomplished. [LR152]

LORAN SCHMIT: In all honesty, I think that the city of Lincoln and Omaha have been pretty understanding in rural problems over the years, but you are right, Senator. It's hard for someone who's never been west of O Street, of 14th Street in Lincoln to understand the problems in rural Nebraska. And an expressway system is very important, ought to be finished, and ought to be finished as quickly as it can because the cost is going to go up. Thank you very much. [LR152]

SENATOR STUTHMAN: Okay. Thank you. [LR152]

SENATOR FISCHER: Thank you very much. [LR152]

SENATOR LAUTENBAUGH: I do have another question, Madam Chair. [LR152]

SENATOR FISCHER: Oh, Senator Lautenbaugh, please. [LR152]

SENATOR LAUTENBAUGH: Thank you, Senator Schmit. I did want to make sure you understood where I'm from and where I represent. I have a small portion of Omaha unincorporated Douglas County, Blair, and Fort Calhoun, and unincorporated

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Washington County. And my comment earlier was that the road between Blair going to Omaha needs to be finished and has about 9,000 a day. So I want to be sure I understand your suggestion here that we should prioritize the expressway. And when I'm talking to people in Blair, your suggestion is I should explain to them that when we planned the expressway, we did something for Omaha so they should be content that we overlooked this section of road. [LR152]

LORAN SCHMIT: No, no, not in any way. When we planned the expressway, Omaha legislators said we want some of the action. So at that time, we planned the bypasses, we planned some of those works that have been completed and, of course again, it's an ongoing thing. You just never, ever quit. When the population developed in your area when I was a legislator, you could fire a shotgun and not hit anyone, but now it's thickly populated. You got to take care of that. We're here. You know, my ten kids didn't ask to be born but I had to raise them and educate them and feed them. The people that moved in here and you've got to take care of it, and that's what your job is as legislators. And I congratulate you because I know that you do what you think is right. When I was there people didn't always vote with me, but as long as they voted their convictions, that was all I asked for. And I think that's what you folks do. And, you know, you might disagree with my conclusions about the gas tax, but I think you have to say it's going to cost \$340 million to do it and cost a quarter of a million dollars to finish that road between York and Columbus, we got to do it. We started it. The worst thing we can do is to hop, skip, and jump around. The '86, '87, '88 Legislature talked about that freeway system and put it into law. And now we say, well, shucks, we changed our mind. You know, we got to...like we got a four-lane (inaudible) going to nowhere to a two-lane highway. We got a four-lane highway to Wahoo going to nowhere, it comes up to a dead end. You can't just do that. And the tractors and the people who use those roads are not going to alternate from a two lane to a four lane to a two lane. As the gentleman from the manufacturing company says, they haul loads that are dangerous to move from a two-lane to a four-lane system. And so you pay...David Coolidge and I worked on a lot of these projects. He said, Schimt, you pay for roads whether you have them or

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not. If you...you pay for them in inconvenience, you pay for them in repairs, you pay for them in problems, or else you have a good road and you have that convenience and you bring business. If we get a good system in Nebraska, we will take some of that traffic that is going to other states today and it will bring more revenue into Nebraska. I really believe it. Thank you very much. [LR152]

SENATOR FISCHER: I think some of the segments that you pointed out there that have been completed and the road is in the middle of nowhere, many of those happened because of politics. [LR152]

LORAN SCHMIT: Right. [LR152]

SENATOR FISCHER: And we all need to keep that in perspective here. And in our previous discussion with expressways, we need to keep that in perspective too. That's why I was asking what's the priority for northeast Nebraska? Do you want to keep getting segments up here? You know, that's what we need to look at, so. [LR152]

LORAN SCHMIT: Right. Sure. Thank you very much. [LR152]

SENATOR FISCHER: Thank you. Next testifier, please. [LR152]

K.C. BELITZ: Senator Fischer, members of the committee, K.C. Belitz, B-e-l-i-t-z, representing the Columbus Area Chamber of Commerce. Again, we certainly appreciate the fact that both Senator Fischer and Senator Giese have continued this conversation in the interim. We know it is a critical conversation. As we've heard in the open, it becomes more critical all the time in terms of the funding available. And so from specifically the perspective of our chamber transportation committee, a few thoughts that we would like to share with you today. Certainly, as we all know, the funds simply are not adequate and are not projected to be for the foreseeable future. So in that environment, clearly something needs to change. Options are going to have to be

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explored, both short and long term, to provide sustainability for Nebraska's transportation system. So from the perspective of our transportation committee, some of our conclusions related to those options. First and foremost, because of what Senator Fischer outlined, the Highway Trust Fund needs to remain intact. We would support the continuation of a variable gas tax. It gives us some flexibility there that will prove helpful. And then other funding sources and tools are going to have to be considered. From our perspective as a committee, those would include but are certainly not limited to bonding of transportation projects. We know that's not without opposition, not without its drawbacks. Clearly, there are examples where it works, there are plenty of examples where it has not. So from our perspective, we would support that if a dedicated source is found to support those bonds. If they are specifically targeted to specific projects--an expressway system would be one example, certainly not the only--but we would not support that just as a general addition to the budget because we believe those are some of the examples where it has not worked well. But bonding certainly if you look at what interest rates compare to the inflation and construction costs have been over the last number of years, we would have been way ahead of the game if those dollars had been spent and invested as compared to what those costs are going to be now when we try to undertake those projects. As Senator Stuthman has introduced on our behalf the last couple of years, we support transportation development districts as was outlined by Governor Thone that allows local governments, local voters to choose to invest that money in transportation infrastructure in their place. Toll roads, public/private partnerships, all kinds of things are being investigated around the nation, certainly those all need to be investigated by us as well. Finally, our committee, too, would support an increase in the gas tax rate for all the reasons that have been outlined already. And we would also suggest, however, that in our opinion that should only be done as part of a package of other tools because clearly consumption has gone down finally. I think all of us wondered if it would ever happen but it has. Americans have stopped driving as much, and more fuel efficiency means fewer dollars, period. So in our opinion, the increase in the gas tax rate is probably not the long-term solution or at least not the sole solution. So we would encourage that to be considered and enacted, for that matter,

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but, again, as part of an overall strategy. And, finally, the transportation committee of the chamber would also submit to you that the current priorities for the existing funding, whatever that funding may be, should also be reexamined as we discussed in the prior hearing. So, again, on behalf of our members and the constituents that they represent, we thank you for the opportunity to share these thoughts. We really appreciate the fact that these studies are taking place in the interim and there is a recognition that something has to be done because that is certainly our belief. I'd be happy to answer questions. [LR152]

SENATOR FISCHER: Thank you very much. Are there questions? I just have a short one for you. I believe that Governor Thone mentioned on the bonding, in current statute the state can bond up to \$50 million to complete a project. There has been talk of using that or expanding what's available to bond. How are you going to pay for the bonds? What's your source of dedicated revenue? [LR152]

K.C. BELITZ: Our guess is...and as you know, we testified in support of that measure that was in the Unicameral last session, our guess is there isn't one solution to that any more than there's one solution to the problem as a whole, but any of those things that we've outlined or others have outlined--increase gas tax, etcetera--we would support being a dedicated revenue source for that. Again, with those limitations that we discussed for specific projects, specific time frame perhaps, and assuming that the financial situations means what it has been where the cost of construction is increasing so much faster than the cost of money, you come out ahead, if that changes then you don't and financially it doesn't make sense. [LR152]

SENATOR FISCHER: So if we increase the gas tax and you dedicate how many cents of it to a bonding project, who determines which project will have the priority to be bonded and be completed? [LR152]

K.C. BELITZ: Depends on the structure. Obviously, there was a new structure that was

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proposed in that legislation. We honestly don't have a strong opinion or at least our transportation committee has not discussed do we prefer that as opposed to the Department of Roads compared to a new committee in the Unicameral. There are certainly any number of structures that could make the right choices, from our perspective, on that issue. [LR152]

SENATOR FISCHER: If you do take gas tax money and use it for bonding, aren't you in essence taking that away from a project that has received a priority classification from the department? [LR152]

K.C. BELITZ: If it's increased gas tax from where we are today, then we would submit that potentially they can all be accomplished. And, again, so long as the... [LR152]

SENATOR FISCHER: Well, well, well, now, just a minute. If you...since we're at a maintenance-only budget right now, any project that is already on the priority list by the Department of Roads is not and will not be done. [LR152]

K.C. BELITZ: Right. [LR152]

SENATOR FISCHER: So if you have bonding and are able through whatever means or set up whatever kind of committee is set up who makes the decision, in essence, aren't you jumping ahead of another project because either you have the political clout, you have financial means through interlocal agreements or cooperation with cities and counties who have available finances and are able to maybe step up and put a share up in the bonding? Aren't you concerned about that if you're from rural Nebraska? [LR152]

K.C. BELITZ: There's nothing in our testimony written or oral that would suggest that those... [LR152]

SENATOR FISCHER: Oh, I'm just asking questions. [LR152]

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K.C. BELITZ: ...that those priorities would need to be changed. We're not saying the bonding couldn't be used for the priorities that have already been established. So it wouldn't...we're not saying anything should jump ahead of anything else necessarily. That would be up to that body, whatever that body is, to decide. It could well be the priorities that have already been established by Department of Roads. [LR152]

SENATOR FISCHER: But you haven't taken a stance. I hate to put you on the spot, but I've been quiet too long. [LR152]

K.C. BELITZ: All right. [LR152]

SENATOR FISCHER: I need to start asking some questions, but...so the chamber really hasn't taken a stance on the fine tuning, the details of how all of this is going to work? [LR152]

K.C. BELITZ: That's fair to say. [LR152]

SENATOR FISCHER: Okay. Thank you very much. [LR152]

K.C. BELITZ: You bet. Thanks. [LR152]

SENATOR FISCHER: Other questions? I see none. Thank you. Next testifier, please. [LR152]

AL RODER: Good morning. My name is Al Roder, R-o-d-e-r. I am the city administrator in Norfolk, and I will attempt to be very brief. I appreciate your time and I appreciate you being here. Currently, we are discussing opportunities or options for funding transportation beyond what we know today, which is the gas tax. Being focused on solutions, I would like to offer just a couple of suggestions, hopefully, for provoking

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some thought into where else we might go. I think we are looking at a gas tax as a foundation of whatever funding mechanism we come up with. That's a foundation that's in place. Does it need to be modified? Probably, but I don't think that we would ever see it going away. With that in mind, I would suggest that the highway gas tax be indexed to the cost of highway maintenance and construction on an annual basis. We've heard already testimony that the gas tax as a portion of the cost of gas has not maintained itself. There is a variable provision to our cost of construction. This may help to address some of that. We need to develop a system that taxes highway users based on miles traveled as opposed to gallons as an option. Is that possible? Obviously there's a lot of thought that has to go into that, but that is something with the more fuel-efficient vehicles which we should be supportive of, but that does affect our gas tax collection as well. We need to look at recreation vehicle tax and fees to be similar or consistent with what it would be on other motor vehicle classifications. You know, currently there's a cap on travel trailers and motor homes that is different than what it would be on regular vehicles. Again, there's another option. I'd suggest that transportation is the backbone of Nebraska's economic future, it is what has created the strength in Nebraska. Omaha and Lincoln are important to us in rural Nebraska. Rural Nebraska is important to Omaha and Lincoln. I don't think it's an either/or. I think we need to continue to create that synergy in the state that has been there. I think the discussion that we've heard from Senator Lautenbaugh concerning the segment of road in Blair is important, it's also important to Norfolk, it's important in Columbus, it's important in Valentine, and we need to maintain that partnership. And until we can get the funding mechanism fixed, you know, we got to be in this together. I would also like to inform Senator Hadley that as recently as this morning, we have redirected funds within our transportation (laughter) fund and that pothole is being fixed today while we wait for you to fix the funding for the rest of our roads. (Laughter) [LR152]

SENATOR FISCHER: Thank you very much. I'm sure Senator Hadley appreciates that and will be back in your fair city soon. Questions? Senator Lautenbaugh. [LR152]

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SENATOR LAUTENBAUGH: Thank you, Madam Chair. [LR152]

SENATOR FISCHER: I think he feels picked on now. [LR152]

SENATOR LAUTENBAUGH: Oh, no, far from it. [LR152]

AL RODER: Recognized. [LR152]

SENATOR LAUTENBAUGH: And briefly, yeah. Sir, you mentioned one possibility would be to track the miles used rather than the per gallon tax, if you will. We've grappled with that in the past. And is there any way to do that that doesn't involve the government tracking of our vehicles, at least how far they drive, if not where? [LR152]

AL RODER: Well, I think in some matters we are already doing that to some extent, but I'm not professing to have an answer to that. I don't know that there's a good answer, but I do recognize the fact that the miles traveled by a vehicle are what cause the wear and tear on the roads more than the gallons of gas that you put into that vehicle. And is there a mechanism to do it? I'm not sure. I think it's something that has to continue to be looked at and researched. [LR152]

SENATOR LAUTENBAUGH: I was just...that's my concern. I don't know the answer to that either. [LR152]

AL RODER: And I wish I had an answer. Maybe I'd be doing something besides visiting with you today. (Laughter) [LR152]

SENATOR FISCHER: Other questions? Senator Louden. [LR152]

SENATOR LOUDEN: Yes. Well, on your question about miles traveled or something like that, I think you're too young to remember but back in 1983 when we had diesel

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cars, you know, those of us that lived in the country and had on-farm storage had to pay a special fee on our diesel car because at that time you didn't have dyed diesel fuel so you could actually use diesel fuel, so. And that was...nobody seemed to complain about that. When you went into buy your license plate, you just paid an extra...I think it was like 40 bucks or so. They had it figured out that if you drove about 15,000 miles a year and used so much fuel, why, you were going to pay so much so you paid it up front. And I said, actually they made criminals out of all of us because then we would for sure fuel up on the farm rather than fuel up in town. So that isn't a problem out there for some of these fuel-efficient cars that are coming or electric cars or something like that. I don't see that as a problem. The other thing, when you mentioned something about your cost of maintenance be, how did you state that? Be a percentage as your...in your statement there you said something about the cost of maintenance should be graduated with your fuel tax or something like that. [LR152]

AL RODER: Well, the fuel tax should be indexed to our annualized cost of maintenance and construction. [LR152]

SENATOR LOUDEN: Yeah. [LR152]

AL RODER: We know what inflation has done to the cost of maintenance and construction. We heard that in the previous testimony. Several people have referenced it. It is going up. [LR152]

SENATOR LOUDEN: Well, you know, it is. We got our variable fuel tax in there and as I've discussed this when John Craig was in there and all that, the way that was set up years ago is you're supposed to decide what your needs were in order to maintain your road and construction and everything, and then you raised the revenue up to meet those needs. But over the years, they've played politics with it so they figure out what the revenue is and they work their needs back down to that revenue. And, I mean, this is...some of the problem that's went on for several years by having an increase in usage

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all the time, it was able to take care of some of that so that everybody was kind of--as I always used to say--happy as clams in a sewer pipe. You know, they didn't realize where they were but they were happy. And I just wanted to point that out that we actually do have a way of indexing our maintenance. And you are aware of that?
[LR152]

AL RODER: I'm aware of pieces of it. I do not profess to be the expert that you are, sir.
[LR152]

SENATOR LOUDEN: Well, I would defer to Senator Fischer as the expert. Thank you.
[LR152]

AL RODER: Thank you. [LR152]

SENATOR FISCHER: And that's shaky at best (laugh). Thank you very much. Other questions? I see none. Thank you very much. [LR152]

AL RODER: Thank you. [LR152]

SENATOR FISCHER: Next testifier, please. [LR152]

MATT TONDL: I have good morning written down but I'll say good afternoon. [LR152]

SENATOR FISCHER: Good afternoon. [LR152]

MATT TONDL: Yes. My name is Matt Tondl, T-o-n-d-l. I'm on the board of directors of the American Council of Engineering Companies. Our organization has testified at previous hearings, so I will not repeat any of their points. Dusty, I think he framed the entire situation we're in pretty well, so I'll skip to the point. But allow me to outline the impact on our industry of not making the needed funding choices. Between lack of

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funding and the new morass associated with the federally funded projects, the engineering industry is reeling. Nebraska engineering firms we represent have laid off nearly 300 people or approximately 10 percent of our collective staffs. We are also not hiring the engineers we are educating in the university. In many ways, a significant downturn in our industry should be viewed as the canary in the coal mine. The problem across our economy is deeper and wider than a few hundred engineering jobs. We'd like to suggest that you attack this in two ways: Since the problem is here and now, use the tools you have to make an impact now but at the same time work for the new tools that will serve us into the twenty-first century. We suggest you immediately increase the gas tax by 5 cents to perhaps even 10 cents and index it to construction cost inflation. Do something significant and make sure we don't lose any more buying power. In west Omaha where I live, there is a 15 cent per gallon difference in the price of gas stations closer than two miles apart. Both are in business which tells me that 5 cents a gallon is really not the burden the press likes to make it out to be. We suggest you address loopholes in the registration fees. A vehicle is a vehicle as far as the road is concerned. Let's not give any breaks for older cars, hybrids, etcetera. With these new sources, issue bonds now to catch up and to protect against further inflation. Forty-two states now bond; let's join the majority. And we think this is very important to sell these new increases. Let's package this program in a very specific manner with specific projects so the public knows exactly what it is getting. Also, give the locals the freedom to tax themselves, if they so vote, to deal with their transportation problems. Give them a local sales tax option of up to a half cent for transportation uses, and for the future transition to a vehicle mile tax system. This will not be easy but must be done. The technology is there, start to plan for it now. Ultimately the gas tax is an old system that is not compatible in the twenty-first century sustainable world of alternative energy. Thank you for your time and leadership in moving this topic forward. This is not easy. The answer may not be popular, but we need to get our transportation funding back in balance. Transportation is not free and we must pay what it costs to provide it or be prepared to suffer the consequences in the future. Thank you. [LR152]

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SENATOR FISCHER: Thank you, Matt. Good points. Any questions? Senator Campbell. [LR152]

SENATOR CAMPBELL: Thank you, Senator. Matt, you're always really, really good at telling us how far behind we are, and I was surprised that you didn't put that figure in your testimony. I'm sure you have that figure. How far do you think we are behind? [LR152]

MATT TONDL: Well, I think it's almost a math problem with a denominator of zero. As Dusty said, we are not building anything more. The stimulus has masked things this year and will probably serve as a little bit of a mask into next year, especially in the local areas. But at that point, every new car has no new pavement to drive on. So I think we're kind of out of that math anymore and we're just at the point where we really have to do something. [LR152]

SENATOR CAMPBELL: Thanks. [LR152]

SENATOR FISCHER: Other questions? Senator Louden. [LR152]

SENATOR LOUDEN: Yes. Well, since you're an engineer, you'd be the one to ask. Do you feel that building a six-lane interstate is what we're doing now, is that...was that feasible and is that what's eating our lunch now when it comes to maintenance and was all of that necessary? And what's your opinion on that six-lane interstate construction through there? [LR152]

MATT TONDL: Two thoughts: It was necessary because it needed to be rebuilt, so from a conditional standpoint something needed to be done. The traffic counts are significant. A comparison, not that you should necessarily do what your neighbors are doing, but if you look at those volumes and the comparisons with other states around the country, it was very much needed. So it is a safety issue, a very significant safety issue. The

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trucking counts are going off the charts. So I believe it was very necessary. [LR152]

SENATOR LOUDEN: Now, could there have been a cheaper way to do it than what they're doing? [LR152]

MATT TONDL: That's...you know, the whole efficiency aspect that I've heard mentioned several times today, that's a slippery slope and there's experts that will testify on both sides of that. You talk about wide medians, narrow medians. The data suggests the narrower you go, the more lives you lose; the wider you are...Iowa is 88 feet wide. So it's a decision you have to make from a right of way and cost standpoint. If you skimp, you will pay for it eventually. Technologies are getting better all the time. I mean, it's...I wouldn't say...I've heard some people suggest, well, we should have four-laned Highway 6 and just rebuild I-80 to four lanes. I don't think that's the case. I think people tend to travel the cattle path that's there and I-80 is that path, and I don't think people are going to get off of it. [LR152]

SENATOR LOUDEN: Well, very true. Now, the next question since you're an engineer, and Lincoln has been wanting that south beltway built or something like that so that they take the traffic congestion off of Highway 2, is there...would there be...would it be more feasible to build a, what would you say, a bypass from Highway 2 to the interstate out east of Lincoln there somewhere around the Waverly interchange rather than worrying about building something around the south side of Lincoln because every ten years it's covered up with houses anyway? [LR152]

MATT TONDL: I don't know enough about the Lincoln situation. But what you are...the point you're bringing out is that the state is very good at constructing roads point to point. When we get to those points, the state kind of steps back and the locals take over, that's where the big money issue arrives. So the state doesn't necessarily do much, if any, planning inside a city limit. As a matter of fact, they back away from that. So not knowing the traffic counts and the travel patterns, it would be very premature for

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me to render an opinion there. [LR152]

SENATOR LOUDEN: Okay. Now, the last question, and you mentioned the cost of vehicles whether it's an old car or new car there shouldn't be any break in price. Well, there isn't now, is there, as far as your registration fees? I mean, whether you register a new one or you register an old one the registration fee will be the same. [LR152]

MATT TONDL: My understanding is that there's a break at 5 or 6 years and then another break again at 11 years and at 14 it's zero. [LR152]

SENATOR LOUDEN: Not at the registration fee. That's on the taxes on the thing, the motor vehicle tax. And no matter how old your car is, you're going to pay other than...unless it's an antique, you're going to pay \$15 for your registration fee. Then you pay the other \$5.50 that goes into the recreation roads and something like that, but the taxes will be the same. Yes, you depreciate them out, the tax is the same. [LR152]

MATT TONDL: Okay. I'll defer to that one. You may very well be right. [LR152]

SENATOR LOUDEN: The taxes is local. That's school... [LR152]

MATT TONDL: The property tax side of it, yes. I'm talking about the registration fees, but. [LR152]

SENATOR LOUDEN: Now, do you think that the registration fee could be doubled from \$15 to \$30 or something like that? [LR152]

MATT TONDL: Yes, I do. [LR152]

SENATOR LOUDEN: Okay. Thank you. [LR152]

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MATT TONDL: Thanks. [LR152]

SENATOR FISCHER: Other questions? I see none, thank you very much. Next testifier, please. I believe we have two more testifiers. Good afternoon. [LR152]

NORM NELSON: (Exhibits 13, 14) Good afternoon, Madam Chairman, members of the committee. Thank you for what you do for Nebraska. I have a visual aid if the clerk would...my name is Norm Nelson, N-e-l-s-o-n, with Lyman-Richey. We have operations throughout the state, including Norfolk, Columbus, Fremont, and Blair. And safety is a very important part of our operations. And I'd like to just offer an observation of the safety on our highways versus our construction program, our highway improvement program. And the one graph there, the first one, shows...I may be short a few of those, so you might have to share. I wasn't anticipating this many on the committee. The first graph there would show you the licensed drivers and the fatalities on our highways. And licensed drivers is about 1.4 million, although there's over 2 million vehicles registered in our state. And then the fatalities, and you see that the fatalities curve is going down from a high of 300 down to just a little over 200. Now, if you look at the next curve, you see the fatalities along with the highway construction program the state of Nebraska has had since the year 2000. And I guess the correlation to me is the...as you improve your highways, obviously safety is improved. And I think this really quantifies the impact of improving our highways in the state. We spend a lot of time and safety with our drivers and we have just under 700 employees and about 90 percent of them drive trucks throughout the state, and so safety is a very important concern of ours, so. Thank you, Madam Chairman. I'll answer any questions anyone may have. [LR152]

SENATOR FISCHER: Thank you, Mr. Nelson. Are there questions? I see none, thank you very much. [LR152]

NORM NELSON: Thank you. [LR152]

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SENATOR FISCHER: Last testifier, please. [LR152]

GARY KRUMLAND: Senator Fischer, members of the committee, my name is Gary Krumland, it's spelled K-r-u-m-l-a-n-d. I'm with the League of Nebraska Municipalities. I know you're on a tight schedule today. We do support all of the efforts to raise the tax for roads to find a stable source of funding and all of that. I guess what I'd like to address today, though, is another priority of the League, maybe a short-term priority, and that's dealing with the loss of funds that cities and counties experience with LB846. As you know, in our attempt in 2008 to find a stable, steady source of revenue, we kind of hit the perfect storm and nobody anticipated it was going to happen, it was one of these far out scenarios that would never happen but it did. And because of that, cities and counties face a loss of \$14 million in revenue, and so that's not even just increasing taxes, it's just making up for what we had before. And so we would appreciate any help that the committee and this Legislature could give us to restore those funds as part of the whole thing. As you know, we're all facing economic times. Cities are cutting employees. Just kind of another plug, anticipation of what the news is today. State aid to cities was cut by 35 percent eight years ago and has never been restored, and we may be facing more state aid cuts. So cities really don't have the ability to make up that loss of \$7 million nor the counties. So I guess that's what I would just like to bring forward and ask for your assistance on that. Be happy to answer any questions. [LR152]

SENATOR FISCHER: Thank you very much. Any questions? I see none. Thank you very much. Other testifiers? Anybody else wishing to testify? (See also Exhibit 15) I would like to make note that Senator Greg Adams was here earlier. He had to leave for another meeting. He is a senator from a neighboring area from York, Nebraska. And I would also like to note that former-Senator Jennie Robak is in the audience and she is still interested and still involved, and it's a pleasure to see you, Senator Robak. With that I will close the hearing...oh, and Senator Klein, I apologize. You're a commissioner now. You've gone up in the world and I appreciated you being here also today, so thank you

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very much. And Senator Doug Cunningham is here today, too, so thank you. With that, I will close the hearing on LR152. I thank you all for being here today and I appreciate you coming, appreciate your comments. Thank you. [LR152]