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Transportation and Telecommunications Committee February 3, 2025
Rough Draft

MOSER: The hearing for Transportation and Telecommunications will now come to order. My name is Mike Moser, chair of the committee. With us today, we'll introduce our senator colleagues, starting with Senator Guereca.

GUERECA: Dunixi Guereca, Legislative District 7, downtown south Omaha.

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

BRANDT: Tom Brandt, District 32, Fillmore, Thayer, Jefferson, Saline, and southwestern Lancaster Counties.

DeBOER: Good afternoon, everyone, hello, my name is Wendy DeBoer, I represent District 10 in beautiful northwest Omaha.

MOSER: OK, thank you all. We have a couple of senators that had conflicts this afternoon, so Senator DeBoer has consented to be kind of chair pro tem this afternoon in the absence of Senator Ballard, who's vice chair. Our committee clerk is Connie Thomas. Our legal counsel is Gus Shoemaker. There are blue testifier sheets on the table near the entrance of the room. You should complete that and hand that to the page if you want to testify. For those not testifying, but would like to record your presence, sign the yellow sheet in the book near the entrance on the table. Letters for the record must be received by the committee by 8 a.m. the day of the hearing. Handouts submitted by testifiers will be included as part of the record. As exhibits. Please provide 12 copies of any handouts. Senators may come and go during the hearing. This is common and required as they may be presenting bills in other committees during this time. Testimony will begin with the introducer's opening statement, and then we'll hear from supporters, then those in opposition, and then those speaking in a neutral capacity. The introducer of the bill will then be given the opportunity to make a closing statement if they wish to do so. Please begin your testimony by giving us your first and last name and also spell them for the record. We will be using a three minute light system today. We will-- there will be no demonstrations of opposition or support on the testimony allowed. Be sure to turn off your cell phones or put them on vibrate so they don't interrupt our meeting. And with that, that brings us up to Senator Fredrickson. Welcome.

FREDRICKSON: Thank you. Good afternoon, Chair Moser and members of the Transportation and Telecommunications Committee. My name is John Fredrickson, that's J-o-h-n F-r-e-d-r-i-c-k-s-o-n, and I represent

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District 20 in the-- I represent the 20th Legislative District. I'm here today to introduce LB97 on behalf of the Nebraska Department of Motor Vehicles. LB97 is a cleanup and harmonization bill. The bill ensures the continued efficiency and effectiveness of the Department of Motor Vehicles. This bill makes several technical corrections, streamlines processes, and aligns Nebraska statutes with federal regulations. These updates are critical to maintaining a modern, effective, and legally compliant Department of Motor Vehicles. LB97 is a necessary step to align Nebraska statutes with best practices, enhance public safety, and improve administrative efficiency. Director Lahm of the DMV will be testifying behind me. She will provide additional information and specifics regarding the bill. Thank you for your time and attention, and I'd be happy to answer any questions.

MOSER: All right. Are there any questions from the committee? Seeing none, thank you.

FREDRICKSON: Thank you.

MOSER: Anybody else to speak in support of this bill? Welcome.

RHONDA LAHM: Thank you. Good afternoon, Chairman Moser and members of the Transportation and Telecommunications Committee. I'm Rhonda Lahm, R-h-o-n-d-a L-a-h-m, director of the Department of Motor Vehicles. I'm appearing before you today to offer testimony in support of LB97. I would like to thank Senator Fredrickson for introducing LB97 on behalf of the department. LB97 serves as a harmonization and cleanup bill to ensure the continued efficiency of the department. It makes several technical corrections, and streamlines processes to align with Nebraska and federal statutes. The bill exempts commercial driver's license holders from deferred judgments, preventing the masking of offenses from their driving records. This change ensures that Nebraska remains in compliance with federal regulations, thereby protecting critical federal highway funding. LB97 adds email addresses and phone numbers to the list of sensitive personal information protected under the Uniform Motor Vehicle Records Disclosure Act, safeguarding the privacy of Nebraskans. The bill introduces a definition for amphibious vehicles and exempts them from duplicate registration requirements under both the Boat Act and the Motor Vehicle Title Act. It also corrects an omission by ensuring that breast cancer plates are properly included in the list of plates allowed to be registered for a specific registration period if they belong to the same owner. Additionally, the bill modifies two definitions. First, the definition of mini-bike to accommodate the increase of electric mini bikes. And

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second, the definition of junk vehicles to align with the federal standards. The bill corrects an omission when statutes are recodified, and adds fertilizer trailers to vehicles which are exempt from titling. LB97 adds a provision to remove liens from a bonded title with proper notification. LB97 allows the DMV to charge the same fee for out-of-state vehicle inspections conducted by the DMV sworn officers, ensuring consistency with other certified law enforcement agencies. The bill eliminates United States Government Certificate of Release, which is former military vehicles, from being exempt from the vehicle inspection for titles, and waives the fee for that inspection for these vehicles. This will allow clerical errors to be corrected prior to the issuance of a title, eliminating difficulties when the ownership of the vehicle transfers. It also removes outdated language related to the distribution of fees under the International Fuel Tax Agreement at the request of the State Treasurer's Office. To comply with audit standards, the word surcharge, surcharge is being removed from the document security fee. The bill will allow monies owed to the department to be deposited into the DMV Cash Fund. LB97 allows for the issuance of ignition interlock permits to individuals who have not previously held a Class O or N license, and establishes reciprocity for recognizing equivalent ignition interlock orders from other states. It also prohibits unauthorized alterations to license plate designs and characters to reduce fraud, revenue loss, and inefficiencies in fee collection. These updates are critical to maintaining a modern, effective and legally compliant department. It's a necessary step to align Nebraska statutes with best practices, enhance public safety, and improve administrative efficiency. I respectfully urge the Committee to advance LB97 to General File. Thank you for your time and consideration, and I'm happy to answer any questions you may have.

MOSER: Questions for Director Lahm? Yes.

BRANDT: Thank you, Chairman Moser. Thank you, Director, for being here today. In your testimony, you added fertilizer trailers to vehicles which are exempt from titling. Does that mean they're exempt from having to get a license plate?

RHONDA LAHM: No. No, so-- no, so previously, when it was recodified a long time a year-- ago, we, we-- there's never been a practice to title fertilizer trailers, but it got missed in the recodification. But no, it doesn't exempt them from registry.

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BRANDT: So what determines if it-- if they have to be-- have to have a license plate or not?

RHONDA LAHM: So if it's-- that's in the registration acts, or the title acts, article 1, the registration acts, article 3. So if they're defined in a-- as a motor vehicle under the registration in article 3, then they'd have to be registered. So the definition of motor vehicle is not necessarily the same for each of those articles.

BRANDT: All right. Thank you.

MOSER: Senator Guereca.

GUERECA: Thank you. Director, just-- it says, allow the DMV to receive moneys paid directly to the DMV. Where the money's going now?

RHONDA LAHM: So this would be-- so for one situation that we had is in statute, we have to-- our funds specifically states what kind of fees we can accept into the funds, so like fees that are-- the Legislature mandates. But we had a situation where a judge ordered restitution, but because our fund doesn't say that we can specifically accept those funds, then they couldn't be accepted. So the idea is to be able to accept those funds. And then if we get into a situation where there's a contract where there's fees for services, we want to be able to put those funds. They do first go to, as all fees do, they go to the state treasurer for-- they're remitted to the state treasurer for credit to our Motor Vehicle Cash Fund.

GUERECA: Thank you.

MOSER: Other questions? Thank you. Appreciate your testimony. Anybody else here to speak in support of LB97? Is there anyone here to speak in opposition to LB97? Anyone here to speak in the neutral capacity for LB97? OK. Senator Fredrickson, you may close.

FREDRICKSON: Thank you, Chair Moser and members of the committee. So like I said in the opening, LB97 is the department's annual clean up bill. I think it's fairly straightforward, but happy to answer any questions that might still remain.

MOSER: All right. Any questions for Senator Fredrickson? You must have picked the right bill.

FREDRICKSON: I must have picked the right bill. Please advance to General. All right.

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MOSER: Thank you.

FREDRICKSON: Thank you.

MOSER: So we received one online proponent, no opponents or neutral on LB97. Also, our pages today with us are Logan and Alberto. We did change the agenda this morning to put the bill that's probably going to generate the most discussion at the end so that not everybody had to sit here through all of the discussion if they had another bill that they were here to talk to us about. OK. So at this point, I'm going to turn the chairmanship to Senator DeBoer, who's going to keep track of things while I present LB398.

DeBOER: Good afternoon, Senator Moser.

MOSER: Good afternoon, Chair. So nice to see you all today. Good afternoon, Senator DeBoer and members of the Transportation and Telecommunications Committee. My name is Mike Moser, it's spelled M-i-k-e M-o-s-e-r, and I represent the 22nd District in the Unicameral. I'm introducing LB398 on behalf of the Nebraska State Patrol and the Department of Motor Vehicles. It's a joint update bill introduced annually to keep the DMV and the United-- the Nebraska State Patrol consistent with federal laws and regulations. It ada-- adopts the most recent version of federal laws and regulations as in effect of January 1st, 2025. The advancement of the bill ensures that Nebraska remains compliant with federal requirements to receive federal highway funds. Director Lahm and-- of the DMV, and Lieutenant Maytum of the Nebraska State Patrol will be testifying after me. They will provide additional information and specifics regarding the bill. I encourage your support of LB398, and I appreciate your time and attention, and at this time, I'd be glad to answer any questions the committee may have.

DeBOER: Are there questions for Senator Moser? I don't see any.

MOSER: Thank you.

DeBOER: All right. We'll have our first proponent Testifier, please. Welcome.

RHONDA LAHM: Thank you. I think I gave you my copy, [INAUDIBLE]. Thank you. Good afternoon, Vice-- well, the Vice Chair Ballard's not here. Good afternoon, Senator DeBoer, members of the committee. My, my-- I'm Rhonda Lahm, R-h-o-n-d-a L-a-h-m, director of the Department Motor Vehicles. I'm appearing before you today to offer testimony in support

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of LB398. I'd like to thank Senator Moser for introducing LB398 on behalf of the department and the State Patrol. LB398 serves as the annual update bill, ensuring that Nebraska statutes remain aligned with federal regulations governing motor vehicle safety, licensing, registration, and commercial driver requirements. These updates are essential for maintaining compliance with federal law and ensuring the continued safety and efficiency of our state's motor vehicle operations. The bill updates statutory references to federal motor vehicle regulations, ensuring they reflect the regulations on i-- in existence as of January 1st, 2025. This includes compliance with Federal Motor Carrier Safety Administration regulations, the National Medical Registry requirements, and the International Registration Plan. The bill incorporates updates to requirements for low speed four wheeled vehicles, manufactured homes, and wreck and salvage dealers to align with applicable federal safety standards. LB398 ensures Nebraska remains compliant with the FMCSA final rule for the National Medical Registry by updating medical certification requirements for CDL holders. It also adds provisions for implied consent to federal drug and alcohol clearinghouse requirements, and mandates timely updates to the commercial driver's license information system. LB398 eliminates outdated statutory language, streamlining provisions across various DMV regulations while maintaining necessary compliance with federal law. The bill creates a statutory mechanism for updating references to federal regulations on an annual basis. By advancing LB398 to General File, Nebraska will maintain compliance with federal motor vehicle and commercial transportation laws, ensuring continued access to federal funding and promoting the safety and efficiency of the state's motor vehicle operations. For these reasons, I respectfully urge the Committee to advance this legislation. Thank you for your time and consideration. Happy to answer any questions you may have.

DeBOER: Are there any questions from the committee? Senator Guereca.

GUERECA: Just out of curiosity, what is the International Registration Plan?

RHONDA LAHM: So that's the guidelines or the rules that govern the registration of the big commercial carriers. So like the Warner Trucking, Crete Trucking, those big apportioned trucks that go interstate. And to some degree, inter-- they cross the state lines.

GUERECA: Thank you.

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RHONDA LAHM: You're welcome.

DeBOER: Any other questions? I don't see any. Thank you so much for being here.

RHONDA LAHM: Thank you.

DeBOER: And we'll take our next proponent. Welcome.

MIKE MAYTUM: Thank you. Good afternoon, Senator DeBoer, other members of the Transportation and Telecommis-- Telecommunications Committee. My name is Mike, M-i-k-e, Maytum, M-a-y-t-u-m. I'm a lieutenant assigned to the Carrier Enforcement Division. And I'm here today on behalf of the Nebraska State Patrol to testify in support of LB398. When the United States Congress passed the Motor Carrier Safety Act, emphasis was placed on states adoption of uniform safety measures, with the ultimate goal being a reduction in the number of commercial motor vehicle crashes. In order for the state of Nebraska to remain consistent and compliant with these federal requirements, it is necessary to update our statutory references to the commercial vehicle safety regulations annually. This legislation will enable the Nebraska State Patrol to continue enforcing updated federal motor carrier safety regulations and the federal hazardous materials regulations. Every day our troopers strive to make our roadways safe. In fiscal year 2024, the Nebraska State Patrol conducted 26,371 roadside inspections, identifying 14,135 violations of driver requirements, and requiring that 1,172 inspected drivers be placed out of service. In addition, 6,953 vehicle inspections were conducted with an average of 2.11 violations discovered per vehicle, and 4,566 violations severe enough that the vehicle was placed out of service. The roadside inspection program has enabled the state to establish clear guidelines for commercial vehicle operators while ensuring a Nebraska State Patrol presence to assist in the correction of operators who have a vehicle or driver defect. These guidelines create a significant deterrent effect. In addition to our enforcement efforts, public education is a valuable tool the agency uses to improve highway safety. In fiscal year 2024, the Carrier Enforcement Division of the Nebraska State Patrol conducted 105 public education and training events across the state, directed at commercial motor vehicle owners and operators in a safe and friendly format. In addition, the Nebraska State Patrol website provides downloadable source material and points of contact to help answer questions about driver requirements, transportation of hazardous materials, and other supplemental information pertinent to commercial motor vehicle owners,

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operators, and the public. I want to thank you for the opportunity to testify on behalf of this bill, and I'd be happy to answer any questions you might have.

DeBOER: Thank you very much. Let's see if there are any questions. Senator Brandt has one.

BRANDT: Thank you, Chair DeBoer. Thank you, Lieutenant, for being here. So do you run the division, motor carrier?

MIKE MAYTUM: I do not, sir. I answer to a captain in the division, but he is un-- unavailable today.

BRANDT: That's fine. But you've got a lot of experience. I imagine you've done this for a number of years. Is that correct?

MIKE MAYTUM: I have, sir.

BRANDT: So specifically, how does this bill help your division?

MIKE MAYTUM: This bill updates the federal re-- federal regulation within the state statute. We reference all the federal regulations in state statute, and once a year we need to update that so that we are current in our enforcement efforts with the most current versions of those federal requirements that exist.

BRANDT: OK. In the bill summary, it says that this bill also updates Nebraska State Patrol Motor Carrier enforcement civil penalties to comply with federal requirements. Are we out of, out of sync there?

MIKE MAYTUM: There is an annual update to the civil penalties that's based on inflation, and those numbers change slightly up every year. So we do recodify that number every year.

BRANDT: So it isn't a significant change in, in a penalty for brake adjustment or things like that?

MIKE MAYTUM: We're not tal-- that's a roadside enforcement operation. The civil penalties are when a carrier is in-- is-- goes through a compliance review process at the motor carrier's office, and penalties are assessed based on violations that the motor carrier as an entity has versus the roadside. So the roadside enforcement fines don't change in this bill.

BRANDT: Last question, and this is because I'm from a rural district.

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MIKE MAYTUM: Yes, sir.

BRANDT: What's the number one roadside violation that your officers see? Is it brakes?

MIKE MAYTUM: Currently, on the vehicle, it would be the requirement for an annual certification, a safety certification for the vehicle. Brakes, I believe, is number three on the list on vehicles. Drivers, speeding.

BRANDT: All right. Thank you.

MIKE MAYTUM: Certainly.

DeBOER: Thank you, Senator Brandt. I'll note for the record that we've been joined by Senator Storer. Are there any other questions? Thank you very much, sir. We'll take our next proponent. Seeing none, we'll go with our opponents. As there are no opponents, we'll go to anyone who would like to testify in a neutral capacity. As there are none, we will prepare for Senator Moser to give his closing. Senator Moser, Moser waves closing. And are there any records? There are no, no comments, online comments. So that will end our hearing on LB398. And now we will go to LB543 with Senator Dover.

MOSER: All right. Thank you for taking care of that. Welcome, Senator Dover.

DOVER: Thank you, Chairman Moser, and good afternoon, committee members. My name is Robert Dover, R-o-b-e-r-t D-o-v-e-r. I represent District 19, which consists of Madison County and the south half of Pierce County. Last year during the-- during Appropriations' agencies' budget hearings, Director Lahm of the DMV stated that there was unnecessary waste in the way that the state of Nebraska issued license plates. I asked her to contact me in the next session and we would get a bill drafted. She did, and I now introduce LB543 on behalf of the Nebraska Department of Motor Vehicles. LB543 will allow the DMV to print license plates and registrations on demand and by customer need. This represents a significant improvement in Nebraska's motor vehicle license plate and registration processes. The bill seeks to reduce waste, improve efficiency, and enhance customer convenience. LB543 provides for implementing print on demand license plate production and delivery. This will begin with the next plate issuance cycle beginning January 1st, 2029. This type of production system means the plate will not have to be produced until it has been issued or been paid for. The

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license plate will then be mailed to the consumer. This will increase efficiency and reduce the current waste of plates at the end of the plate cycle. The bill provides a 30 day grace period for consumers to legally operate their vehicles or tow trailers while waiting for their plates to arrive. Under the new print on demand system, the registration certificate and stickers for the license plate are printed on a single sheet. There will no longer be a need to keep them and maintain piles of stickers at each office. The stickers will be printed with a year, month, expiration date, and license plate number at the time of printing. The motorist will be issued a one page document, which is both registration document and the stickers. The stickers are peeled off the registration form and affixed to the vehicle license plates. The bill also includes permissive language to allow vehicle owners to choose between an annual registration or a multi-year registration period. Those who select-- Those who select a multi-year registration will be assessed all applicable fees and taxes upfront for the entire registration period. LB543 also allows for plate fees to be remitted to the State Treasurer for credit to the DMV License Plate Cash Fund. This will allow for easier payments to be made to the Department of Corrections, which produces the plates. LB543 enhances the efficiency of Nebraska's vehicle license plate and registration system by providing increased flexibility and convenience for residents, while reducing waste. This will save the waste of tens of thousands of plates at approximately \$4 per plate. Director Lahm of the DMV will be testifying after me. She will provide additional information and specifics regarding the bill. Thank you for your time and attention. I would be happy to answer any questions.

MOSER: OK, questions from the committee? Senator Brandt.

BRANDT: Thank you. Chairman Moser, Thank you for bringing this. This is something I've envisioned for a long time. When you go and get your plates and our courthouses fill up, they bring the racks out of the basement, we've got license plates everywhere, that they could just be printed. But I guess these aren't going to be printed at the courthouse. They're going to be printed at a central place and mailed to the individual. Is that correct?

DOVER: Correct. So that-- so people-- I think the only drawback or complaint we're going to hear is I used to be able to go to the courthouse and walk out with my plates, and you'll have to wait for the process, for them to be mailed to you with your registration. But you will get a, you will get a, a little plastic type plate that you'll put on your license plate.

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BRANDT: So this is my concern. I'm a farmer. When I go in, I get like ten vehicle plates and four trailer plates. And the inefficiency of my state government shows when they mail out my tax statements, instead of putting them in one envelope, they put them in ten. Is-- if I get charged ten different, let's say, a mailing fee of \$17 or something like that instead of one, I'm just, I just-- if this is an efficiency thing, whoever is doing this needs to be aware that if all these plates are going to one address, they need to package them as, as such. And I guess maybe that's more of a statement than a question But my question also is, and maybe Director Lahm can answer this, if we have multiple years on the same plate, are they going to have multiple stickers on there?

DOVER: So--

BRANDT: Or are we going to have one sticker that gives me multiple years?

DOVER: So you'll get your registr-- they'll print your registration off, and say you-- And one nice thing I like about this, you get a boat trailer or you-- excuse me, you can get your boat license for three years, now you'll be able to license your trailer for three years. So you would get the registration, and on that registration would be four stick-- three stickers for three years.

BRANDT: Oh. OK.

DOVER: You simply peel off that one, put it on there, and then you've got-- I mean, I, I-- there-- I think-- there was like 120,000 plates that are destroyed. At 4-- that's \$480,000 at \$4 a plate. And so there-- I mean, and that's not even looking at lost staff time, I mean, all kinds of stuff. So, I mean, I really think that, I mean, this will be at least \$500,000 plus in savings. That's the kind of bill you like to carry, right? So this is what I'm really proud of. We'll save some money.

BRANDT: So, last question, I promise. Are these plates made by the DMV, or, or do our inmates make the plates?

DOVER: Inmates make them.

BRANDT: At the penitentiary?

DOVER: Yes.

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BRANDT: OK. Thank you.

DOVER: Yes.

MOSER: Senator DeBoer.

DeBOER: Thank you. So the ones-- you said that there's all these extra plates that are thrown away, those are the ones that they anticipate they might need to use, but they don't actually need to use. Is that where the savings is coming from?

DOVER: Correct, and the counties, you know, like if we're in Madison County, it's a 7-, whatever. And so you have a number of those that are printed up. So what do you-- I mean, what are you going to do with them? So those are then destroyed, correct.

DeBOER: Because they must print a larger number just in case there'd be a surge in Madison County residents that year, OK.

DOVER: Right.

DeBOER: All right. Thank you.

DOVER: Thank you.

MOSER: Senator Fredrickson.

FREDRICKSON: thank you Chair Moser. Thank you, Senator Dover, for being here. I, I love the spirit of this bill, I think it makes sense to become more efficient. My, my question is, you said about \$4 a plate currently the way we're doing this now. Is that-- if we are printing on demand, do we have to consider at all whether we lose bulk pricing, for example, on--

DOVER: There making them at the penitentiary. So it's not like they're giving us any--

FREDRICKSON: Right.

DOVER: --bulk pricing or whatever. We're throwing ar-- we're throwing around-- I mean, my understanding is, talking Director Lahm, 120,000 were destroyed, so there's \$480,000 that is just-- it's gone away. And the most efficient way is obviously, I need one, print one.

FREDRICKSON: Right, right.

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DOVER: And they, and they have the technology now where it's not like it used to be.

FREDRICKSON: And my other question with cost would be shipping costs and sort of considering that as a factor if every single license plate, instead of being shipped to, whether it's a central courthouse, or the treasurer, if it's all going to individuals' personal residence, whether that might be a fiscal component we need to consider.

DOVER: Director Lahm could probably, probably address that better, well, I know she can dress that better than I can, But, but I mean, with \$480,000 worth of savings, and, and also, I mean, when I go get my plates, if I plan to keep the car for three years or whatever, are-- all my trailers now are going to get a three year plate, right? And so, I mean, the, the cost savings I think far outweighs any cost of-- but I mean, I'm sure they'll take that into consideration, I mean, maybe-- there may be a way they'll so-- they'll solve that if they get into it. I'm sure I'll make some changes in the process.

FREDRICKSON: True. Thank you.

DOVER: Thank you.

MOSER: Senator Storer.

STORER: Thank you, Chairman Moser. And thank you, Senator Dover. I love bills that save money. But I, I do have just one question that kind of follows up on Senator Fredrickson's question in terms of cost. And if I'm reading this correctly, the-- one of the amendments would allow for the department to charge postage and handling to recover the cost of such delivery. I assume that-- is that charge to the applicant?

DOVER: I would, I would guess so, but Director Lahm will have to speak to that.

STORER: And is there an opportunity to-- for the, for the DMV to, to absorb that cost and still save money?

DOVER: I will defer to Director Lahm on that.

STORER: So it's not a, so it's not a tax increase to our taxpayers?

DOVER: I'll defer to Director Lahm.

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STORER: Thank you.

DOVER: I wish I could answer that [INAUDIBLE].

MOSER: You're supposed to know everything.

DOVER: That's what they tell me. No, you actually-- well, actually, you tell me sometimes, stop thinking, Rob. There you go again.

MOSER: Yeah.

DOVER: You're in the Legislature.

MOSER: Yeah. Quit thinking, yeah. All right. Thank you very much. Any other questions from the committee? Seeing none, thank you.

DOVER: Thank you.

MOSER: Anybody here to speak in support of this? We had two proponent comments, no opponent, and no neutral online. Welcome.

RHONDA LAHM: Thank you. Good afternoon, Chairman Moser and members of the Transportation and Telecommunications Committee. I'm Rhonda Lahm, R-h-o-n-d-a L-a-h-m, director of the Department of Motor Vehicles. I'm appearing before you today to offer testimony in support of LB543. I'd like to thank Senator Dover for introducing LB543 on behalf of the department. LB543 represents a significant improvement in Nebraska's motor vehicle registration and licensing process by introducing multi-year registrations and transitioning to a more efficient license plate procurement and delivery system for our customers and the county treasurers who act as agents for the DMV for titling and registering of motor vehicles. LB543 provides for implementing print on demand license plate production and delivery with a 2029 plate issuing cycle. This type of a production system means a plate will not be produced until it has been issued and paid for. It will eliminate the approximately 100,000 or more plates that are wasted at the end of each plate issuance cycle. Similar to the language currently in statute for specialty plates, the bill allows for reimbursement of actual postage and handling fees for general issuance plates. For persons who may not be able to renew their plates until the end of the month, the bill provides a 30 day grace period for consumers to legally operate their vehicles or tow trailers using proof of registration while waiting for their plates to be mailed. The system updates real time, so law enforcement would have access to accurate information regarding an expiration date to avoid enforcement. The

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bill includes permissive language to provide vehicle owners to choose between an annual registration or a multiyear registration period. Those who select a multi-year registration will be assessed all applicable fees and taxes upfront for the entire registration period. Under LB543, the inefficient funding triangle which currently exists, will be eliminated. Plate fees paid by the vehicle owners will be remitted to the State Treasurer for credit to the DMV License Plate Cash Fund so payment can be made to the Department of Corrections who produces the plates, thus eliminating the pass through from the Highway Trust Fund. Under the print on demand registration system, the registration certificate and the self-adhesive decals are printed on a single sheet with information to mitigate fraud. LB543 clarifies that duplicate weight and validation decals can be issued similar to duplicate registrations. LB543 enhances the efficiency of Nebraska's vehicle registration and licensing system while providing increased flexibility and convenience for residents. These updates reflect best practices in Motor Vehicle Administration, and will position Nebraska for continued modernization in years, in years ahead. I urge the Committee to advance LB543 to General File. Thank you for your time and consideration and I'm happy to answer any questions.

MOSER: Questions? Senator DeBoer.

DeBOER: So you say it will help mitigate fraud. Can you walk me through that?

RHONDA LAHM: So right now, in particular with the decals that are on your plates, they just have a number and a year, item number of the month of the year. So as Senator Dover was explaining, when those decals are printed now, they'll actually have the license plate number on that decal, so you can't trade them around. So what happens now, and we've seen this happen, they actually-- we've seen them actually out on for-sale websites. People are selling them. So right now, I have to say myself, I have three vehicles that expired in April. So I could tell the county treasurer, hey, I lost my decals, can you send me another set? And they just slap it on to the other vehicle and you never end up paying your taxes and fees if people chose to do that. Under the new system, they wouldn't be able to because the license plate would be associated with the decal on the, on the actual vehicle.

DeBOER: So that brings me to my next question. If you do a multi-year, people are going to lose their, their extra stickers.

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RHONDA LAHM: So actually, what would print is that if it expired, it'd have-- you'd get the one decal, and it would just say that year, you'd put that decal on. So, like, if it was '27 and February '27 and it'd say February '27.

DeBOER: OK. Yeah. It sounded like they were going to be multiple ones you have to put on every year, and--

RHONDA LAHM: Well, the printing machine will be able to print the multiples, but it would just print the one that you need for the period that you paid for.

DeBOER: So if I have a vehicle that's going to expire in '27, I would just put the '27 on right now.

RHONDA LAHM: That's all it'd print for you.

DeBOER: How would law-- law enforcement be able to tell, like because you're going to run out of colors. I know right now they can tell at a glance based on the color of the sticker whether or not, but I mean the--

RHONDA LAHM: You'd still just have a six-year cycle. So we assign the colors for the years right from the beginning of the cycle. So I think law enforcement will quickly learn that, you know, if it's yellow, it's this year, if it's red, it's this year, if it's green, it's that year. And they would be able to tell that because we're not going to duplicate colors in that six-year time.

DeBOER: OK. Thank you.

MOSER: Questions? Senator Storer.

STORER: My ques-- Thank you, Chairman Moser. So back to, I guess, my question about the, the postage. Is-- am I reading it correct that, that the intent is postage would be paid by the applicant?

RHONDA LAHM: So that's, that is correct. So currently when the county treasurers mail out, a lot of them, and there's a lot more and more mail, the county treasurers assess that postage and mailing fee, and it doesn't have to be the actual cost. In our bill we can only charge the actual cost. And we actually had to put a limit on what they could charge, because they were charging more than it actually cost them to mail. So under this bill, that's the reason it's written actual costs. I mean, if it costs us \$3.10, that's \$3.10. It's not \$5, you know,

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round it up just to make money. So that's the reason it is that way. And right now, we're seeing a significant increase in the number of people that get their plates through the mail. But what this would do is eliminate a step. Because now we have the shipping costs to the county treasurers, and then we have the cost to the people to mail from the county treasurer's office. This would be the cost of mail right from the de-- the point of production. And you would eliminate all those shipping costs and storage costs and all the other costs eliminated with shipping them out to the counties.

STORER: So one last question. That-- thank you, that, that's very helpful. I mean, the mail has become less reliable, safe to say. If, if it's a 30 day period, and for some reason it takes 35 days to get there for, I mean, is there-- I mean, the 30 days is the grace period, but there could potentially be a situation where somebody really didn't get their plate in that timely fashion. Is there some grace period, or some, I mean, how do you foresee--

RHONDA LAHM: So--

STORER: --if someone were to get picked up on day 31, theoretically.

RHONDA LAHM: So, so I can't defer to my good friend behind me for enforcement. Although I'd like to, I'd like to think that when law enforcement looks in our system and sees that it's actually registered and valid--

STORER: OK.

RHONDA LAHM: --that they would use some judgment there in terms of enforcement. But the bill does not require us to use the United States Postal Service.

STORER: OK.

If there's another delivery method or company that is more reliable and quicker with the same economy, we can use that other choice. So we're not bound to the United States Postal Service by the bill.

STORER: OK.

RHONDA LAHM: So we could look at other options that might be better.

STORER: OK.

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RHONDA LAHM: So it allows us that flexibility.

STORER: Thank you.

MOSER: Senator Brandt.

BRANDT: Thank you, Chairman Moser. I'd asked Senator Dover this on-- specifically on the mailing. So we're-- I think most farmers go in once a year and we get a stack of stuff, are they going to be able to identify that this stack goes to my address so they don't send me 14 envelopes of plates?

RHONDA LAHM: So, I mean, absolutely, and the fact is, I'm, I'm I made a note as you said that, because right now you shouldn't be getting that. If you're getting registration renewal notices and you're getting 10 separate ones, or 14 in the same month, that shouldn't be happening now. Those should be consolidated. So I need to look into it and see why yours is happening if that's happening.

BRANDT: No, it isn't, because I go into the courthouse--

RHONDA LAHM: OK.

BRANDT: --just because usually--

RHONDA LAHM: OK.

BRANDT: --something screwed up on something, and we've got to, we've got to fix it.

RHONDA LAHM: But if it's-- So, like, for-- like I mentioned to myself. So I have multiple vehicles that renew in the same month. So when I get my registration renewal, those are all in one envelope. So yeah, we have that ability.

BRANDT: Second question. Today the county gets a cut, or they get a dollar a registration? Will they continue to get their cut with the new system?

RHONDA LAHM: The fee split doesn't change.

BRANDT: Oh, so they'll continue to get the same amount--

RHONDA LAHM: Correct.

BRANDT: --whether they do the work or not.

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RHONDA LAHM: Yep.

BRANDT: OK.

RHONDA LAHM: Fee split-- and that same thing happens now. Like a specialty plates? Well, the specialty plate process is really, in my mind, cumbersome now, that will be streamlined immensely. But yeah, the-- no, there's no change in the fee. There's no change in the split of the fee. The count-- the share the county gets and every-- the Highway Trust and Recreation Fund and the First EMS Fund, and all the others that get a share, none of that changes.

BRANDT: All right. Thank you.

MOSER: Other questions? I have a couple. Are the counties still going to be delineated as 7 being Madison County, 10 being Platte County?

RHONDA LAHM: Yeah. None of that changes right now. There-- we have the three counties, as you know, that are alphanumeric, Lancaster, Sarpy, and Douglas. The other 90 counties are able to go to alphanumeric if their county board approves it. But we don't even-- that's not even our decision, that's a county board decision. So unless a county board decides to change and go to alphanumeric, they'll stay with the county number.

MOSER: Yeah. I kind of like knowing where people are coming from. And then what about taxes for future years? How do you decide how much tax to charge?

RHONDA LAHM: So, on a-- the-- everything stays fairly steady with the exception of motor vehicle tax. So the motor vehicle tax is on a scale and, and it-- while, currently, although there's several bills, you know, introduced that might change it, but currently it goes years one through thirteen, and it goes based on the manufacturer's suggested retail selling price, which doesn't change, that's a constant. So year one, it's 1.0, that year two it's--

MOSER: So you're going to know--

MOSER: .1.

MOSER: --in advance--

RHONDA LAHM: So--

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MOSER: --what tax is going to be?

RHONDA LAHM: So you'll know what that is.

MOSER: So I won't say anything by registering for three years?

RHONDA LAHM: Unless this the body--

MOSER: I decide to register--

RHONDA LAHM: --decides to do something with that. We don't get to do that, so.

MOSER: Do I get to save registration fees? I mean--

RHONDA LAHM: Not-- no. Well, not the way the bill's written. That would be something that you guys could address, but that would be a revenue loss to those entities that get those registration fees if you did that.

MOSER: Still going to require insurance certificates to make sure they're insured?

RHONDA LAHM: Right. That doesn't change.

MOSER: And what if they cancel their insurance after they get a plate?

RHONDA LAHM: We don't-- so we don't have any ability to know that now. I mean--

MOSER: No.

RHONDA LAHM: --when people register now.

MOSER: D0-- You do have an online database--

RHONDA LAHM: Right.

MOSER: --where you can check to see if they have insurance.

RHONDA LAHM: Right, when they're registered. But if they cancel that, we don't know that. And we don't have authority to cancel their registration if they cancel their insurance.

MOSER: But if the law enforcement picked you up a year from now and your insurance is not current, what-- would they know that?

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RHONDA LAHM: Would, would the officer know that?

MOSER: Well, there's an online insurance database, and would they show as not insured?

RHONDA LAHM: I don't believe law enforcement has access to that insurance database, I believe.

MOSER: That's just the counties?

RHONDA LAHM: I think yeah, it's just synced up with the registration system.

MOSER: OK. Now, the real problem here. What about people who have certain numbers they want?

RHONDA LAHM: So actually, actually, that's controlled by the county treasurers, not us, for one thing. But it actually makes it easier.

MOSER: Well, they told us it was all on you.

RHONDA LAHM: I'm sure they did. It's easy enough, so.

MOSER: Because there are people that wanted A1, or A2, and--

RHONDA LAHM: So what happened in the last plate issuing cycle that became a real challenge is we had a significant shortage of aluminum, and it was across the country. And there were also a couple of other states that decided that particular year to reissue all their plates. So the demand for aluminum got more. So what happened is where we normally would produce all the plates that 90 of the 93 counties need for the whole year prior to the beginning of the year, we didn't have enough aluminum to do that, so we had to only print part of the numbers. And that's why when some people-- and, and it was alphabetical and numerical, so like if your plate number was 7-T1, but we hadn't-- we didn't have enough aluminum to get to the Ts yet, and your vehicle renewed in January, if you went into January, you wouldn't have been able to get that. Under this system, the county treasurer can put in the number, if it's not a taken number, and they don't have to print in numerical order, or alpha-- alpha-- alphabet order or anything. So this makes it easier for county treasurers to do that if they choose to do that.

MOSER: Does the last person who had that number get preference for that number at the renewal time?

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RHONDA LAHM: That's, again, the County Treasurer's decision. We don't assign those numbers.

MOSER: Oh boy, here we go.

RHONDA LAHM: They, they have the ability in our system to go in and reserve, for the lack of a better term, plate numbers if they want to. And they cou-- and some of them choose to do that. We have some county attorneys that-- I mean, I'm sorry, county treasurers that just don't do that and some do. So that's-- we don't, we, we don't do that on our end. That's done at the county treasurer level.

MOSER: Is there any thought to stamping the plates to give them more rigidity instead of going with just a perfectly flat plate?

RHONDA LAHM: So that's probably a better question for Corrections than for us because corrections produces the plate. But I do know that Corrections just updated their production line two years ago, just right before we started this plate issuing cycle. So I believe if they were going to go back to the embossed plates, that stamped plates, that would require them to get new equipment, I believe. But that's probably a better question for Corrections than for me.

MOSER: At this point, it, it would be really expensive?

RHONDA LAHM: That would be my guess.

MOSER: Yeah. OK. Other questions? Senator Brandt.

BRANDT: Thank you, Chairman Moser. Have you ever thought about a recycling program on the old plates?

RHONDA LAHM: So the instructions that we give to the county treasurers is that they should recycle them locally or return them to corrections for recycling. And we hope they follow those instructions.

BRANDT: But I'm talking about the plates we take off our vehicles.

RHONDA LAHM: Oh, you mean to accept them somewhere?

BRANDT: Yeah. Wouldn't that-- couldn't that be recycled as aluminum?

RHONDA LAHM: Yeah. I mean, they can be recycled. If people-- we'll have to look into it.

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BRANDT: I mean, I would, I would-- I personally would be a little cautious about pitching my numbers into where the beer cans go.

RHONDA LAHM: Yeah.

BRANDT: Because God knows who's digging around in there and what they're using them for. But you would think that maybe county offices or something would have a spot where we could put those--

RHONDA LAHM: Yeah, we can-- let me, let us visit with our-- I mean, we don't want to make it so that people have to mail them back to us because that's another added expense, we don't need to-- But there has to be-- I would assume that local entities have places to recycle. We'll have to check with our county treasurers and see what they-- if they have something available.

BRANDT: So how many million plates a year does Nebraska--

RHONDA LAHM: So in a, in a six-year plate issuance cycle, we print about 29 million plates.

BRANDT: Wow. All right. Thank you.

MOSER: I'll have to remember to dig through my aluminum cans and see if there's anything valuable in there.

BRANDT: Plates.

MOSER: You should see them and auction them off. Someday they'll be valuable.

BRANDT: We use them to fix feed bins.

MOSER: No other questions. Thank you very much.

RHONDA LAHM: Thank you.

MOSER: You're a frequent, frequent flier today. Other people to testify in support? Welcome.

ADAM FESER: Good afternoon, Chairman Moser, and members of the Transportation and Telecommunications, Telecommunications Committee. My name is Adam Feser, A-d-a-m F-e-s-e-r. I'm the director of Cooperative Advancement for the Nebraska Cooperative Council. We're a statewide nonprofit trade association, representing nearly all Nebraska supply and marketing agricultural cooperatives, as well as

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several rural electric and telephone cooperatives as well. The council supports LB543, and wants to thank Senator Dover and the department for their work on this issue. We reached out to our members to get a better understanding of just how many vehicles and trailers they have to register, but heard back from 18 of our 23 supply and marketing ag cooperatives, and of-- and those 18 have a total of 19,608 plated vehicles and trailers. Getting this many vehicles registered represents an enormous administrative undertaking both for our cooperatives and the county and state officials overseeing the process. LB543 would give our members the option to reduce this administrative burden by extending the registration period and updating lic-- license plate delivery, making the process more efficient. We support legislation that enables our local co-ops to focus more of their time and energy on serving Nebraska's farmers, and growing our rural economy. The Co-op Council and its members encourage you to advance LB543 to General File. And with that, I'll try to best answer any questions you have.

MOSER: Questions? Seeing none. Thank you. Anybody else to speak in support? Anybody else in support? Anybody to oppose? Anybody to testify in the neutral? Greetings.

BETH BAZYN FERRELL: Thank you. Good afternoon, Chairman Moser, member of the committee-- members of the committee. For the record, my name is Beth, B-e-t-h, Bazyn, B-a-z-y-n, Ferrell f-e-r-r-e-l-l. I'm with the Nebraska Association of County Officials. I'm appearing neutral on this bill. Frankly, this bill is kind of a bittersweet one for us just because we recognize all of the efficiencies that this bill would create. But we're all familiar with going to the courthouse and getting our license plates. And so, you know, it's a little bit of, of bittersweet there. But we do recognize the efficiencies in the bill. We did have some of the same questions during our discussion that, that you've raised, the questions about, you know, what you do with multiple years of the stickers for a multi-year registration, you know, how are the license plates issued, and those kinds of things. And I think that's really all been discussed today. So I would just say that we're neutral on the bill and I'd be happy to take questions.

MOSER: Questions? I have one. So the value of the vehicle declines as its age increases. What about changes in the levy? How do you account for that?

BETH BAZYN FERRELL: Well, it's not tied to the levy anymore. It used to be. But there's a, a chart in the statute that talks about the MSRP

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originally, and then it's, it's based off of that, what the tax rate is, as I understand it.

MOSER: Oh, it-- so it's not a value that's multiplied times the levy, it's a fixed amount.

BETH BAZYN FERRELL: Right.

MOSER: Oh. That's how much attention I pay when I go in and license my cars. Senator Fredrickson.

FREDRICKSON: Thank you Chair Moser. Thank you for being here and your testimony. You mentioned one of the kind of questions or concerns you possibly had was, was kind of the sticker issue, which I think Senator DeBoer was sort of referencing a little earlier. I had similar questions, but after hearing Director Lahm's testimony about the kind of six-year color system that is predetermined, does that sort of alleviate your concerns? Or do you still share some concerns with that, or--

BETH BAZYN FERRELL: It, it does, I think.

FREDRICKSON: OK.

BETH BAZYN FERRELL: One of the things that we were concerned about was, you know, the treasurer might have to have, you know, three different boxes of stickers for different years.

FREDRICKSON: Sure.

BETH BAZYN FERRELL: And, you know, the possibility of fraud that would come with that. But if I, you know, get all three years of stickers, and I pay the registration for my 20 year old vehicle, but I take those stickers later and put them on my new vehicle or newer vehicle. But, you know, those same kinds of things could happen right now. So mostly they were just questions about how the logistics of it would work.

FREDRICKSON: Sure. Thank you.

MOSER: Senator Brandt.

BRANDT: Thank you, Senator Moser. So a person buys a vehicle, in transit's are good for 30 days, on day 30, they go into their local courthouse. Will the courthouse keep a small supply of license plates

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to service people that go into the courthouse? Or I believe Director Lahm was saying you get a 30 day grace period, but how does that work if they're on a in-transit sticker?

BETH BAZYN FERRELL: That's a good question. I think I would defer to the director on that.

BRANDT: OK. I'll talk to her afterwards, then. All right. Thank you.

MOSER: Can the counties charge more for picking your own numbers? Can they add fees to this, or are those fixed?

BETH BAZYN FERRELL: I, I don't believe there's authority to do that now.

MOSER: OK. Just thinking of an economic opportunity there. If you wanted A123, or H57 for Heinz 57 or something. All right. Any other questions? Thank you very much. Anybody else in the neutral capacity? Senator Dover, you're welcome to close.

DOVER: I just want to express my thanks to Director Lahm. During the, during going over the DMV, the agency expressed to us that there was an inefficiency and waste that we could take care of, and she drafted the bill over the summer, and she got right it to my office, so I just want to say thank you, Director Lahm. And I'm sure all agency directors are doing that, but I would encourage others to do more of it. So that's all I have. Thank you.

MOSER: OK. Any other comments? I, I think it's a good bill. You know, out of a thousand bills, most of them are stinkers. So I appreciate your--

DOVER: You know, you might be able to, you might, if we're printing them, you know, you might be able to customize your own license plate and pay a really big fee for having the only one, just like the one that you made yourself, so, who knows?

MOSER: Yeah, I think that's an economic opportunity there.

DOVER: Yeah.

MOSER: Thank you. Appreciate your bringing this bill.

DOVER: Yeah. Thank you. Chairman Moser, and thank you committee members.

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MOSER: OK. That brings us-- that will close the hearing on LB543, and we'll come to LB207, Senator von Gillern. We got three proponent comments and four opponent comments on LB207, and no neutrals. Welcome, Senator.

von GILLERN: Thank you. Good afternoon, Chairman Moser and members of the Transportation and Telecommunications Committee. For the record, my name is Senator Brad von Gillern, B-r-a-d v-o-n G-i-l-l-e-r-n. I'm here today to introduce LB207, a bill relating to registration fees for commercial use alternative fuel vehicles. This bill is very simple. It is literally one half of one page, so I'll keep my remarks brief. LB207 creates a new registration fee for commercially registered alternative fuel vehicles with a gross weight of 7,500 pounds or more. This provision is construed specifically to target heavy electric vehicles like the vans that roll through your neighborhood roads and streets every day, for those of us who live in urban areas, especially around Christmas time, saw a lot of them. Nebraska already has a specific registration fee for alternative fuel vehicles, which is set at \$75 for motorcycles and hybrid vehicles and \$150 for other alternative fuel vehicles. These special fees are important because someone who owns and drives an alternative fuel vehicle isn't paying the gas taxes that we use to maintain our roads and highways. But the alternative fuel vehicles with which LB207 are concerned are heavier than ordinary passenger vehicles and thus take a greater toll on our roads. The fee intended by LB207 is set at three times the fee for ordinary alternative fuel vehicles. Today that would come out to \$450. However, if the latter fee is increased in the future, the fee for heavy commercial use alternative fuel vehicles will increase along with it. Before closing, I want to address a couple of potential concerns with the bill that we tried to address. LB207 does not apply to vehicles that run on compressed natural gas, diesel, or other fossil fuels. Alternative fuel is defined in Nebraska Revised statutes 60-306 as electricity, solar power, and any other source of energy not otherwise taxed under the motor fuel, fuel laws. Natural gas, diesel, and similar, similar fuels are specifically exempted from the definition of alternative fuel, and these fuels are subject to their own respective taxes. Second, while working with the Department of Motor Vehicles on LB207, it was brought to our attention that the fee could apply to apportioned vehicles such as large over the road semi trucks, which are already subject to their own specific system of fees because of the heavy toll they take on our interstates and highways. Accordingly, I brought, and you all have in your hands now, a white copy amendment, or excuse me, an amendment to

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specifically exempt the apportioned vehicles registered pursuant to 60-3. In closing, I want to emphasize this is not an attack on alternative fuel vehicles nor any kind of statement around their usage. Rather, as electric and alternative fuel vehicles become more popular, it's simply important to ensure that all users are contributing fairly to build and maintain our road systems in Nebraska. With that, I respectfully urge the Transportation and Telecommunications Committee to advance LB207, and I'm happy to take any questions. Just another real quick comment. If you look, glance at the fiscal note, it is revenue positive. Whether they've accurately captured the number of vehicles on the road that fit this category or not, I-- maybe some folks behind us can help us understand that a little bit better. But happy to take any questions.

MOSER: OK. Let's take Senator Storer.

STORER: Thank you, Chair Moser.

MOSER: Even though you were late.

STORER: Well, I was out-- I came back.

MOSER: That's all right.

STORER: Thanks for acknowledging that. Thank you, Senator von Gillern. I really-- I appreciate the thoughtfulness on this, because I served on the NDOT task force several years ago, and this was a concern about how do we address the lost revenue in terms of gas tax as we see more and more electric vehicles on the road, and that's-- and, and this is a very, I think, a very direct approach. I've heard there's been other scenarios or other options put out that, that were problematic. But thank you. This is-- this seems to make a lot of sense. My only question, I guess, in terms of the fiscal note is were they able to account at all for what is currently being, I know that's probably a tough number to get to, but what's currently being lost in terms of gas tax based on the number of electric vehicles on the road today?

von GILLERN: Well, theoretically, if the fiscal note's done accurately, it would, it would tell us exactly--

STORER: The net, OK.

von GILLERN: --that, that number. Yeah. It, it because it would be picking up what we currently are not claiming. It really would be the delta between, would be the difference between the \$150 now and the

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\$450 that I proposed, it would be the difference because these, these heavier vehicles are paying the \$150 fee. And, and if you parked one of these heavy delivery vehicles next to a Prius, it, it would be a little bit obvious, at least to me, to look at them and say, hey, should these two pay the same, the same fees? One of them is driving vastly greater number of miles during-- over a year's period and weigh far heavier. I don't, I, i'm-- then again, some folks behind us may be able to give you a little bit more accurate information on what those accurately weigh. But I do know, and we were very intentional about this for my friends from the agriculture community, For-- an electric Ford F-150 weighs like 7,200 pounds in it's maximum dressed out weight. So we're not picking up ag vehicles, we're not picking up trucks that might be used in, in, in those respects. So this really is targeted at commercial. And I don't even-- I don't know if this is the right number, but literally in the weeks before Christmas, as I saw these blue vans going by my house and dropping things off six times a day, it, it became obvious to me, wait a minute, those, those folks are-- that's a very different world for them, and the impact that it's having on our streets and roads and highways than somebody who drives an EV to, to work.

STORER: Thank you.

von GILLERN: Yeah, you're welcome.

MOSER: Senator Fredrickson.

FREDRICKSON: Sure. Thank you, Chair Moser. Thank you, Senator von Gillern for the bill. Senator Storer kind of stole my thunder a little bit. I know one of the conversations we've been having on this committee as well, as, you know, with an increased uptake of electric vehicles, how do we sort of compensate with the, with the fees? So my other question, you kind of answered this a bit, is the, the 7,500 pounds. What, what kind of got you there? That was just sort of the best guess, estimate or [INAUDIBLE]?

von GILLERN: No, what got us there is we did want to exclude the most common what could potentially be a passenger vehicle.

FREDRICKSON: Sure. Sure.

von GILLERN: And although an electric Ford, you know, F-150 might be more often used for, you know, agriculture or, or construction crew or

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something like that, there's a lot of folks that drive pickup trucks to work.

FREDRICKSON: Yeah. Yeah.

von GILLERN: And so I, I-- it was very intentional that we not capture that marketplace or that that segment of drivers. And you and I have had conversations in recent months about the, the very, very serious nature of, of highway funding and where that's-- those, those lines are not getting closer together and intersecting to where we're collecting enough money to pay for all of our needs, they're getting further apart. So this is a very, very small bite towards, towards a much bigger problem.

FREDRICKSON: Yeah. And I think thoughtfully written, I mean, it's pretty clear it's not targeting individual owners, right? So.

von GILLERN: Yeah.

FREDRICKSON: Thank you.

von GILLERN: Thank you.

MOSER: Senator DeBoer.

DeBOER: Thank you, Chair Moser. Thanks for being here, Senator von Gillern. So three times. You just pulled that out of a hat, kind of?

von GILLERN: It's probably too low. I, I tried to-- I visited with some folks in the industry and tried to capture how many miles a, a delivery van would be driven in a year's time, and the closest number I got back was somewhere between 20 and 30,000 miles. Well, the average passenger vehicle traditionally has been somewhere between 10 to 12,000 miles. So that's roughly three x if it's 30,000 miles. I know they weigh three times more than a passenger vehicle. Like I said, a Ford F-150 Electric weighs 7,200 pounds. A delivery vehicle would obviously be carrying much more weight. And so, again, it, it was rough math. I think they're probably driving three x the miles, and weigh about three x the, the, the, the weight of a passenger vehicle. So again, it's probably too low, but I think I really just wanted to say, hey, we've got to start somewhere. And again, really shooting up a flare to say, hey, our, our-- we've got to make sure we're collecting as much as we can for Highway Trust Fund.

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DeBOER: And then are there hybrid vehicles that are delivering that you know of?

von GILLERN: Hybrid vehicles are not included in, in this.

DeBOER: I know they're not included, I'm saying, is that a--

von GILLERN: Oh, I--

DeBOER: Are there hybrid vehicles that are delivering, you know, that are sort of commercially--

von GILLERN: I imagine so, but I don't know the answer to that. Probably a good question for [INAUDIBLE].

DeBOER: And then if they are, would you want to include those also, because this, this-- hybrid fee is \$75. Would you want to do something with the commercial vehicle, commer-- hybrid, commercial vehicles as well?

von GILLERN: Probably, and probably maybe next year.

DeBOER: Well, if we're just going to do it, we might as well do it all at once.

von GILLERN: Yeah, well, the same, the same criteria, or my same, the drivers for this bill would, would similarly apply.

DeBOER: Yeah.

von GILLERN: So, so yeah, I would, I'd be very open to that.

DeBOER: OK.

von GILLERN: Yeah, it's a great question. Thank you.

DeBOER: Thank you.

MOSER: Senator Guereca.

GUERECA: Thank you, Chairman. Thank you, Senator, for being here, for bringing this bill forward. I'm assuming the little blue vans that you saw zipping around around Christmas time were a certain company. Do you-- did you ever happen to look up how much those actually weigh?

von GILLERN: No.

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GUERECA: No.

von GILLERN: No.

GUERECA: OK.

von GILLERN: But I'm--

GUERECA: I'm curious.

von GILLERN: --I'm betting somebody today can tell.

GUERECA: Yeah. Yeah. I'm curious enough--

von GILLERN: I talked to some folks in the industry in the-- that represents the trucking industry. And there's not a lot of doubt around that because they are very unique designed vehicle, and not a lot of different companies op-- own and operate them so.

GUERECA: Yeah.

von GILLERN: But I'm sure more will. And that's, again, that's, again, that's part of the anticipation of what--

GUERECA: The question that I asked, if you look at the online testimony, and one of them brought up the 26,000 pounds is the Federal Highway Administrators classification for a heavy duty vehicle. So I'm jus kind of trying to get what that looks like in my head, so [INAUDIBLE].

von GILLERN: And again, we, we did not attempt to, to capture any of the apportioned vehicles, that's a whole 'nother animal. So, no, this is this, is just, again, probably a beginning bite at the apple to make sure-- again, not an attack on, on--

GUERECA: Sure.

von GILLERN: --I'll just say the word out loud, it's not an attack on Amazon at all. Like I said, we're, we're generally thankful when they show up at our porch every day, but. But anyway, not, not an attack on them at all. It's just, again, a recognition that if you're, if you're using our roads and put-- and the roads, pardon the pun, if the roads are taking a toll for, for the use that they're getting, then, then we should be should, be making sure that everybody's paying to use those equivalently.

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GUERECA: Thank you.

von GILLERN: Sure.

MOSER: I just have one question, and I don't know if it's something that you're up to speed on is-- it's kind of a bad pun. What about the tax that we're charging on electricity at charging stations? So are we charging these companies a tax where they charge these vehicles or is that just the electric fee that they pay?

von GILLERN: Yeah, that's a completely different topic that, that we worked on a lot last year. My assumption is that none of the commercial vehicles that I'm targeting or addressing here are being charged at public charging stations. They're all going home at night, they're going back to their distribution center and being charged there, so--

MOSER: They're not going to Sapp Brothers to charge up?

von GILLERN: No, no, no. They're, they're-- and, and they, and, and, they're paying just like the rest of us. We heard this bill last week in revenue. They're paying sales tax on the, on the electricity that they're using. So.

MOSER: OK. Any other questions?

von GILLERN: Good corporate citizens, we just want to make sure everybody is paying for the roads that they're using.

MOSER: All right. Well, thank you, Senator.

von GILLERN: Thank you.

MOSER: We appreciate that. You're going to stick around to close?

von GILLERN: I will.

MOSER: All right. Anybody to speak in support of LB207? Welcome.

KATIE WILSON: Good afternoon, everybody. Good afternoon, Senator Moser, members of the Transportation and Telecommunications Committee. My name is Katie Wilson, K-a-t-i-e W-i-l-s-o-n, and I'm the executive director of the Associated General Contractors of America, Nebraska Chapter, and today I'm testifying in support of LB207. I represent highway contractors, not to be confused with the building chapter,

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which represents the commercial sector. My membership builds the roads, bridges, streets, airport runways, municipal use utility infrastructure work across our great state. I want to first thank the Legislature for stepping up to the plate last year with the passage of LB1317, which started the job of leveling the playing field between what gas powered vehicles contribute to roads funding, and what electric vehicles contribute. That bill increased electric vehicle registration fees to \$150 a year to more closely match what an average driver of a passenger car might pay. But \$150 doesn't really reflect the wear and tear on the roads that a vehicle driving all day, every day would be doing. By increasing the fee for commercially registered alternative fuel vehicles, Senator von Gillern's bill better reflects the principle that those who use the roads more should pay more for those roads. That has always been the beauty of the gas tax. The more you drive, the more gas you use, and the more you pay into the system. As more electric and fuel efficient vehicles join the nation's auto fleet each year, Nebraska needs to be ready to modernize our infrastructure funding mechanisms and LB207 would further that goal. I urge you to advance this to General File. Thank you and I'm happy to answer any questions.

MOSER: Questions? Seeing none, thank you for your testimony.

KATIE WILSON: You bet.

MOSER: Any other supporters? Proponents? Welcome.

DAWN CALDWELL: Thank you. All right. Hi. Good afternoon, Chairman Moser and members of the Transportation and Telecomm-- Telecommunications Committee. My name is Dawn Caldwell, D-a-w-n C-a-l-d-w-e-l-l, and I'm here on behalf of Renewable Fuels Nebraska and the Ag Leaders Working Group in support of LB207. You can see the entire Ag Leaders Working Group logos at the top of the sheet that's been passed out to you, so I don't need to name them all. As the number of alternative fuel vehicles on our roads increases, it is important to ensure that all vehicle owners contribute fairly to maintaining our transportation infrastructure. LB207 ensures that commercially registered alternative fuel vehicles contribute equitably to the Highway Trust Fund, just like liquid fuel vehicles. Currently, road maintenance funding relies heavily on fuel taxes, which electric vehicle owners do not pay as much for. Meanwhile, renewable fuels like ethanol and biodiesel continue supporting the system. This bill addresses the imbalance by ensuring all vehicles contribute their fair share. Additionally, EVs are significantly heavier due to their

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battery packs, increasing wear on roads and bridges. Without appropriate fees, these vehicles impose greater costs on Nebraska's infrastructure without proportionate contributions. LB207 is about fairness, not discouraging innovation. A reasonable registration fee for commercially registered alternative fuel vehicles will sustain long term infrastructure funding and maintain a level playing field for all road users. On behalf of Renewable, Renewable Fuels Nebraska, and the Ag Leaders Working Group, we thank Senator von Gillern for bringing this legislation and I encourage the Committee to support LB207 to promote fairness, protect rural communities, and secure Nebraska's transportation future. Thank you, and I'll take questions.

MOSER: Questions for the testifier? Seeing none, thank you for your testimony.

DAWN CALDWELL: All right. You're welcome.

MOSER: More proponents. OK, are their opponents? Welcome.

MARY VAGGALIS: Thank you. Good afternoon, Chair Moser, members of the committee. My name is Mary Vaggalis, M-a-r-y V as in Victor, a-g-g-a-l-i-s, and I'm here today in opposition to LB207 as a registered lobbyist for Tesla. And I've also been authorized to testify on behalf of the Nebraska Retail Federation. As was mentioned previously, over the last several years, Tesla has been part of negotiations with a number of stakeholders regarding Nebraska's fees for motor vehicles with alternative fuel sources, including with the Alliance for Automotive Innovation, the Associated General Contractors, the Nebraska Petroleum Marketers and Convenience Store Association, and public power and others in the retail and fuel spaces. Last year, Senator Bostar introduced LB505, which contained a number of provisions related to those negotiations, and it was ultimately amended and added into the Revenue Committee priority bill, bill, LB727. There are a couple of important provisions from that bill that I'd like to just cover briefly. First, as was mentioned previously, we agreed in partnership with those in the negotiations to increase the motor vehicle registration fee for electric vehicles from \$75 to \$150, which represented a doubling of the prior registration fee. The \$75 fee was also created for plug-in hybrid vehicles who were previously treated as internal combustion engine vehicles. Although a use based assessment is preferred, we agreed these fees were a fair replacement of the gas tax revenue collected by other vehicle owners. We also agreed to implement an excise tax on commercial DC fast chargers, which will include the Tesla Superchargers. This tax will

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capture additional revenue from out-of-state EV drivers, and those interstate consumers traveling long distances. EV manufacturers and their customers have always been willing to pay their fair share, but we must oppose discriminatory proposals like LB207. Although growing, EVs still represent a very small portion of the motor vehicles on the road today, and Nebraska tends to fall below the national average. The cost of EVs relative to their internal combustion counterparts has often been cited as a barrier to purchase, and LB207 will only serve to increase inaccessibility. For large trucks in particular, a tripling of the state registration fee, paired with a 12% federal excise tax, represents a huge operational expense. LB207 also ignores the other revenues created by commercial EV purchases. First, as I just mentioned, commercial EVs are often more expensive. This means more sales tax revenue coming into the state. In addition, commercial EV users are often installing their own charging infrastructure, sometimes to the tunes of millions of dollars. These investments result in additional sales tax for the infrastructure, through the electric utility, and as well as increased property taxes. The registration fee proposed in LB207 far outstrips any loss in gas tax revenue. It also targets one small portion of the industry to solve a road funding problem that has multiple sources, including gas vehicles with improved fuel economy year over year, and highway construction costs that have outpaced inflation. We respectfully ask the committee not to advance LB207. And before my time is up, I briefly actually want to thank Senator von Gillern for reaching out about this concept over the interim, and for being willing to continue the conversation. We are, of course, a willing partner in that, and we'll continue to work to resolve these issues going forward. Thank you.

MOSER: OK. Questions? Senator Brandt.

BRANDT: Thank you, Chairman Moser. Thank you, Ms. Vaggalis for testifying today. In your capacity as a lobbyist for Tesla, is, is this in line with all the other surrounding states?

MARY VAGGALIS: No, we're not familiar with other states that have a specific commercial EV fee that is separate from others. Many treat them just like the over-road and apportioned vehicles, which is how they are assessed today, particularly for the very large EVs that, you know, in the semi sort of capacity. But we're not familiar with a structure proposed like this in any other state.

BRANDT: So for all we know, it could be too high, too low, or just right.

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MARY VAGGALIS: Mm hmm.

BRANDT: OK. Thank you.

MOSER: Senator Fredrickson.

FREDRICKSON: Thank you, Chair Moser. That kind of got me thinking a little bit more, because I was thinking through this bill and is this going to maybe disincentivize a company like Amazon from having EV delivery vehicles. Do we-- do you know, and you may not be the person to answer this question? Do you know, do we have a higher fee for heavier gas delivery vehicles?

MARY VAGGALIS: Yes, I believe that all of those over the road trucks in terms of semis are assessed the same type of fee based on their weight.

FREDRICKSON: OK. Thank you.

MOSER: Any other questions? Seeing none, thank you.

MARY VAGGALIS: Thank you.

MOSER: Anybody else in opposition? Is anyone else to testify in the neutral? Seeing none, that will conclude the hearing, except for a closing by-- I was hopeful.

von GILLERN: Well you--

MOSER: Welcome back.

von GILLERN: Nice, nice signal. Nice try. I didn't pick up on that one, apparently. Yeah. Just very quickly. And I appreciate, Ms. Vaggalis, we did have a couple of conversations over the summer to talk about this, and it was helpful to me gathering information. I just do want to point out, as I stated clearly in my opening, this does not target Tesla. This does not target a Chevy Volt. This does not target a Prius. It doesn't target an F-150. This targets heavier vehicles, which, as she stated, do, if you have a-- drive a heavier diesel or gasoline vehicle, you do pay different registration fees for those. So I just want to make sure that we are maintaining some level of equitability between the two systems, regardless of how they're, how they're propelled. So that.

MOSER: OK. Questions from the committee? Yes, Senator Guereca.

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GUERECA: Thank you, Chairman. So this is just for commercially registered vehicles, right?

von GILLERN: Correct.

GUERECA: Because some of these Chevy pickup trucks look real nice, but they're heavy. So let's say I buy the Chevy Silverado EV WT, comes in at 8,500 pounds, because it's a personal registry-- registration.

von GILLERN: If you want to drive that back and forth from Omaha to Lincoln, knock yourself out. If you wo-- if you register it to a business, it now becomes a commercially registered vehicle.

GUERECA: Just wanted to clarify that. Thank you.

von GILLERN: There you go. Thank you.

MOSER: OK. Thank you very much.

von GILLERN: All right. Thank you.

MOSER: That will end LB207. And now I'm going to turn the meeting over to Senator DeBoer, put it in her capable hands.

DeBOER: Welcome.

MOSER: Thank you. I feel so much better that you said that. Good afternoon, Senator DeBoer and members of the committee. For your record, my name is Mike Moser, M-i-k-e M-o-s-e-r, and I represent the 22nd District in the Unicameral. I have introduced LB114 on behalf of the Nebraska Department of Motor Vehicles. It seeks to update fees associated with driver and vehicle records maintained by the Department of Motor Vehicles. These adjustments are necessary to enable the department to deploy the driver's license modernization project on an expedited timeline, therefore avoiding exponential cost increases, and to continue to maintain adequate funding for the essential services provided by the DMV. The bill would change the driver record fee from \$7.50 per record to \$24 per record. The bill would change the driver record monitoring service fee from \$0.06 to \$0.30 per record. The bill would change the driver record header information fee from \$18 per thousand records to \$30 per thousand records. The bill would change the vehicle records fee from \$1 per record to \$3 per record. The bill would also change vehicle bulk records fees from \$18 per thousand records to \$40 per thousand records. The increased revenue would generate over \$12 million

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annually, some of which goes to the General Fund, some of it goes to the DMV Cash Fund. Director Lahm of the DMV will be testifying after me. She will provide additional information and specifics regarding the bill. Should there be opposition testimony today, myself and the DMV are aware there may be concerns, and the DMV has been in contact with some of them and is willing to talk to them moving forward. I encourage the advancement of LB114 to General File, and I take-- I appreciate your time and attention to the bill. And Chair DeBoer, thank you for allowing me to testify. If you have any questions, I'd be glad to answer those.

DeBOER: Are there questions from the committee? Senator Fredrickson.

FREDRICKSON: Thank you, Senator DeBoer. Thank you, Senator Moser, for bringing this bill. And I know we, we spoke a little bit about this, and I know Director Lahm might be able to elaborate on this more, but just provide a bit more of the rationalization for the increase in the fees. What's, what's kind of driving that need or desire?

MOSER: Well, costs going up. And right now we're in the bottom 10% in what we charge among other states. And if this bill was put through at the level that's in the bill, I believe it would put us in the top 10% of states. We wouldn't be the highest. I think Oklahoma's the highest, they're charging \$28?

FREDRICKSON: OK.

MOSER: But these are fees that commercial operators might request for their drivers--

FREDRICKSON: Sure.

MOSER: --to make sure their drivers have clean records, or at least clean enough records to get approved.

FREDRICKSON: Sure.

MOSER: And, you know, maybe bus drivers, I don't know all the customers, who they are.

FREDRICKSON: Right.

MOSER: And some of this-- some of these funds are-- there's some of them trickle down to some of the providers of that electronic information. So some of it's going to go to the DMV, some of it's

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going to go to the General Fund. But, you know, there are providers of that digital information, and they make money on it as part of the process.

FREDRICKSON: So for the, the primary payers of this fee would be potentially, for example, like a, a trucking company. You mentioned bus drivers. Would schools be paying this fee potentially?

DOVER: I, I-- that'd be a good question to ask Director Lahm to be sure.

FREDRICKSON: OK.

MOSER: But I would assume so.

FREDRICKSON: OK.

MOSER: And then there's a maintenance fee that you can subscribe to in case-- so you get approved once and you have a clean record. And then all of a sudden you go on a bender and get into trouble, and those things would show up as part of that maintenance fee that they pay. The new postings to your drivers record would trigger a response.

FREDRICKSON: The, the, the driver would, would pay the maintenance fee if they would, on a bender?

MOSER: No, the people who want the information.

FREDRICKSON: Oh. Got it. OK.

MOSER: So, you know, like an insurance company could, if they're going to write insurance for you, they might check your driver's record to make--

FREDRICKSON: Right.

MOSER: --you know, to see if you have all your points, see whether you have speeding tickets, whether you-- you know, everything that is in your driving record would be available to them.

FREDRICKSON: Sure.

MOSER: And then they'll charge you more, they'll rate you up if you're a higher risk.

FREDRICKSON: OK. Thank you.

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MOSER: I assume. I'm not an insurance actuary, but--

DeBOER: Thank you, Senator.

MOSER: I once sold insurance.

DeBOER: Thank you, Senator Fredrickson. Senator Storer.

STORER: Thank you, Senator DeBoer. I guess one quick question. Do you have any idea how long it's been since we raised these rates? How past due are we, so to speak?

MOSER: No, I don't know. I think that's a question for Director Lahm. But we are in the bottom 10% or so. So out of 50 states, that would make us in the bottom five.

DeBOER: Other questions? Senator Moser, I have one.

MOSER: Oh, yes.

DeBOER: The General Fund impact. Can you tell me why we're raising General Fund money through increased fees? Why would you not just increase to the amount that it would take to supply the service? Why are we sort of making money for the state through this fee structure? Isn't that a kind of a tax that we're doing without--

MOSER: A tax on a tax, you mean?

DeBOER: It's a tax on, on folks without calling it a tax. So can you, can you explain to me why the General Fund?

MOSER: Well, I'll take a stab at it. And my comments would be subject to correction by people who really know. There are expenses involved in providing-- maintaining these records and providing these records. And so that would cover, you know, some of those expenses. I believe that some of the providers of this information to the world from our records provide some internet hosting and domain hosting things for the state. And so there's some--

DeBOER: Shouldn't all that be--

MOSER: --interplay there.

DeBOER: Shouldn't all that be just the amount that's going directly to the department that's doing those things, and not to the General Fund?

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MOSER: You know, that's there's probably are nuances there that I don't know, so.

DeBOER: OK. I'll ask someone else.

MOSER: You know, normally I agree with you, but--

DeBOER: I'll ask--

MOSER: Will let Director Lahm or somebody following.

DeBOER: Any other questions from the committee? Thank you, Senator Moser.

MOSER: Sure. Thank you.

DeBOER: Let's have our first proponent. Welcome.

RHONDA LAHM: Thank you. Good afternoon. Senator DeBoer and members of the Transportation and Telecommunications Committee. I'm Rhonda Lahm, R-h-o-n-d-a L-a-h-m, director for the Department of Motor Vehicles. I'm appearing before you today to offer testimony in support of LB114. I'd like to thank Senator Moser for introducing LB114 on behalf of the department. LB114 seeks to update fees associated with driver and vehicle records maintained by the Department of Motor Vehicles. These adjustments are necessary to enable the department to deploy the driver's license modernization project on an expedited timeline. Some of the members of the committee will recall four years ago the Legislature authorizing the DMV to modernize their driver's licensing system and get us off of the 1980s green screen technology by 2032. The department is planning to avoid exponential cost increase by deploying the project six years prior to the deadline for a projected cost savings of \$20 million. In order to accomplish this and other department initiatives, such as an identity management portal to assist public and private industry with fraud prevention, the revenue to the department from the proposed fee increase is necessary. The primary changes proposed in LB14 [SIC] include adjustments to driver record fees. The bill changes the fees for obtaining driver record abstract from \$7.50 to \$24. The revenue generated from this fee will be distributed as follows: \$5.50 to the DMV Cash Fund, \$11.50 to the General Fund, \$4 to the Operators License System Services Replacement and Maintenance Fund, \$3 will be credited according to the existing percentages distribution formula found in Nebraska Revised Statutes 60-483. Updates to the driver record monitoring fee. The fee for the DMV driver record monitoring service will increase from \$0.06 to

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\$0.30, with the additional \$0.24 remitted to the DMV cash fund. Changes to the bulk record, bulk record driver fees from \$18 per thousand records to \$30 per thousand records. Changes to vehicle record fees from \$1 to \$3 per record, and the bulk record fee will increase from \$18 per thousand to \$40 per thousand. The additional \$2 per individual vehicle record, and the \$22 per thousand records will be credited to the License Plate Cash Fund. LB114 eliminates obsolete statutory language and provides the fee adjustments to become effective July 1st of 2025. We understand there are some entities which have concerns with the proposed rate changes. We have been in conversations with them and want to continue that dialog to reach a common solution. Thank you for your time and consideration. I'm happy to answer any questions you have.

DeBOER: Are there any questions from the committee? Senator Storer.

STORER: You're looking right at me as if you knew I might have a question. Thank you, Senator DeBoer. To follow up on the question, I guess, I asked Senator Moser, do you know about how long, how many years it's been since we made any adjustments to these fees?

RHONDA LAHM: So the driver record fee was-- it was changed in 2021 to start our modernization project from \$3 to \$7.50. Prior to that time, it hadn't been changed since 1997. So almost three decades from that original \$3 until now.

STORER: Thank you.

RHONDA LAHM: So, yeah.

DeBOER: Other questions? Senator Brandt.

BRANDT: Thank you, Chairwoman DeBoer. Thank you, Director. So we're going to drop \$11.50 is going to be credited to the General Fund. That, as a layman, kind of looks like you don't need to go to \$24. You could go to \$12.50 and still cover what you need to cover. Am I looking at this incorrectly?

RHONDA LAHM: So I think what's important for the part of the General Fund is when you look at the modernization project, there's going to be other agencies that have to incur expenses as part of the project. So there's a lot of people that have access to, under law, to driver records, and they'll have to update their interfaces and their systems to come-- to interconnect so that they can continue having access. We don't know what those fees are. Are they going to take up that, that

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whole amount? Probably not. We don't know exactly what that is. But there's probably at least 10 to 12 state agencies that that's going to impact that probably will have to have General Fund appropriation. In addition to that, as I mentioned in my testimony, we're looking at trying to establish what's called an identity management portal to try to get a handle on some of the fraud, both in-- for the public and also for private industry as well. And so it's a coo-- it happens in other states. We don't know the cost of that. We're in preliminary conversations with the Chief Information Office to get-- take a look at what that would look like.

BRANDT: I guess I just look at going from \$7.50 To \$24, that's over a 300% increase. That, that's a pretty strong increase. And talking to, I believe, Senator Moser about this before the hearing, we're currently in the bottom 10%, and this puts us in the top 10%. Is that correct?

RHONDA LAHM: We-- there, there's only a few states, there would only be a few states above us.

BRANDT: So we would be right up there at the top.

RHONDA LAHM: That's correct.

BRANDT: All right. Thank you.

DeBOER: Thank you, Senator Brandt. Senator Fredrickson.

FREDRICKSON: Thank you, Senator DeBoer. Thank you, Dr. Lahm, for being here and your testimony. My question is, who, who primarily pays these fees? Is this primarily by citizens, businesses, like--

RHONDA LAHM: So--

FREDRICKSON: Educate me a bit on that?

RHONDA LAHM: All of the above, in, in terms of it's just a different percent. So there's, what do you want to say, data companies or whatever that purchase the records and then resell them, primarily, I think, common to insurance companies, I don't know all their clients. I think you're going to hear from some of those people today, and I think they'll be able to tell you, you know, what they-- you know who their customers are and who they sell the records to. I know a lot of it is insurance. Then there are people who just purchase individual records because their job requires them to. There are some businesses

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that check their drivers and pur-- and pur-- and purchase individual records. But over 90% of the records are purchased by people who are retail and resell the records to people.

FREDRICKSON: Wow. OK. So 90% are sold for business purposes for [INAUDIBLE] to sell.

RHONDA LAHM: For profit by another company.

FREDRICKSON: Ok. Thank you.

DeBOER: Senator Storer.

STORER: Thank you, Senator DeBoer. That, that, that sort of generated one additional question. Thinking about Senator Brandt's question in terms of, you know, we-- it is a significant, we would acknowledge, it is a pretty significant increase.

RHONDA LAHM: Clearly.

STORER: Is there-- would it be reasonable to step that in over a period of like three years or--

RHONDA LAHM: So on, on multiples of these fees that have been proposed, proposed in here, we've had conversations with some of the parties that are impacted by that. That's one of the options that we've talked about, stepping it in over time. Is it the right number? Does the number need to change? We've had those conversations and I anticipate and hoping those conversations will continue so we can get to a place that everybody can live with.

STORER: Ok. Thank you.

DeBOER: Thank you, Senator Storer. Other questions? I have a couple here, obviously. So the General Fund thing is, is a real problem for me. And I, I understand your saying that there are other state agencies that will have to do some computer changes in order to interface with what you're doing. Is that--

RHONDA LAHM: That's correct.

DeBOER: But it seems to me that those things should be-- I mean, that's, that's part of the cost of doing business is in those other agencies. And it seems strange that we would charge money that's going to the General Fund that we're not sure is going to that. Plus, I

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remember when you came to us, I was here when we went from \$3 to \$7.50. And, you know, that was a big change then. We-- you know, that was doubled. And now we're doing it again in the same time that I am here. So this is a-- I mean, you said that you're going to, you know, put this technology in sooner than originally anticipated. Does that account for this huge difference in cost?

RHONDA LAHM: So in terms of the money that's going directly toward the DMV cash fund, the, the intention is to deploy the system earlier so that we can save a lot of money on the cost of the system, which we can do right now. If we don't, then we're going to have to end up expending what we believe to be about \$20 million more dollars if we wait six more years for the system.

DeBOER: See, I love that you're going to do that. But then what happens to the money after you-- after we get that in place? Because once we get it in place, we won't need it for that.

RHONDA LAHM: So I think one of two things. There is a maintenance cost. And while we don't know what those are, they may or may not be that. And I think what is always up for review and you also, because you've been here a while, are familiar with this, that last year we came to the committee a year early and said we don't need that fee increase anymore, you need to reduce this fee a year sooner than we had planned to reduce the fee with our other modernization projects. So I think we have a track history of taking a look at that, and when there needs to be an adjustment the other way, you know, we've also gone down that avenue as well if we don't need it.

DeBOER: So I would totally trust you all because you did that if it weren't for the general fee-- General Fund impact. The General Fund impact says to me that we're going to have this kind of quiet tax to try to get some money into our General Fund. And if it were just, look, we need to have this fund high for the next three years while we're modernizing, we, we pinky promise we'll come back and we'll bring it down after a while-- I mean, do you see why I'm concerned?

RHONDA LAHM: Yeah, I do, I do. And it isn't-- if in the past with some of our other fees, there has been fees allocated to the General Fund. I mean, this isn't necessarily something new when they've established fees for us before, is that they've established fees and made a portion go to the General Fund. So-- and I'm not saying good or bad, I'm just saying it isn't necessarily a new concept.

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DeBOER: I've seen that. And when we've seen that, we've wanted to get rid of it because it doesn't-- I mean, it is-- it is a way of taxing people quietly.

RHONDA LAHM: Yeah, I'm not--

DeBOER: Yeah. OK. Well, so then when you're talking about the-- but for that \$11.50 credited to the General Fund, this-- the rest is what it's going to cost to do your updates on this schedule. Is that right?

RHONDA LAHM: That's what we're anticipating, yes.

DeBOER: OK. So if we were to come back without that \$11.50, would you, after you updated this on an expedited sort of schedule, would you come back to us and bring that down to whatever after the-- how long is it going to take to put it into place?

RHONDA LAHM: So we're hoping to deploy it by the end of '26.

DeBOER: So in '27, should we expect you back here?

RHONDA LAHM: I've-- so I'm not going to say yes or no--

DeBOER: Yeah.

RHONDA LAHM: --'cause-- because one, it depends on if we're moving forward with what I mentioned about an identity management portal and we don't know what those costs are and what's all entailed in that. So it's-- I don't want to sit here and commit to some-- I think--

DeBOER: So you might, you might do it next, the next project.

RHONDA LAHM: The thing is is that we constantly take a look at our revenues and our expenditures and what-- do they balance out. In fact, monthly I look at that, on a monthly basis, and from every single revenue source we have, and where is it and where is it going? And I just think-- I mean, I hate to say trust us, but I think we've been very upfront and fair about saying here's what we have, and here's what we're spending, and it's always open to anybody to look at if anybody wants to know, and we're always happy to provide information on what we're doing. So, I don't know what things can come up. So I hate to say that--

DeBOER: Sure.

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RHONDA LAHM: --we'll be back here to lower a fee when we may not be able to come back here lowering the fee because there's some other kind of a mandate or something we have to comply with.

DeBOER: I mean, all other things being equal--

RHONDA LAHM: Yeah.

DeBOER: --no other thing is coming, you know.

RHONDA LAHM: So--

DeBOER: So--

RHONDA LAHM: I think I can confidently say our intent would always be to reevaluate and assess if the fee that we're charging is the fee we need to operate, because that's what we've always done on a continuous basis.

DeBOER: And I will say I have always appreciated how you run the Department of Motor Vehicles, and I think you do a fabulous job.

RHONDA LAHM: I appreciate that, thank you.

DeBOER: And so, you know, this is, this is not against you, or the work that you do, or anyone in your, in your department, but that General Fund, especially when we're increasing so, so much, it's just, it's going to be a problem for me.

RHONDA LAHM: I understand that.

DeBOER: Thank you. Any other questions? Senator Guereca?

GUERECA: So trying to be mindful for, you know, working families or a working individual that's [INAUDIBLE] better employment, for the individual driver record, public records, so is there a separate fee schedule for an individual versus a company seeking out those records?

RHONDA LAHM: To date, that's always been the same. There's nothing that prohibits, if that's the type of fee structure this body wanted to set up, because whatever the fee structure you-- that comes out of here is what we do, but to date they're always been the same.

GUERECA: It's all-- record poll, same price regardless of who the individual [INAUDIBLE].

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RHONDA LAHM: I think it's historically been that way because for decades we were literally at the bottom of the pile.

GUERECA: Yeah.

RHONDA LAHM: I mean, literally the lower couple, three in the country for a long, long time. And then when we went to \$7.50, that's probably maybe ten, twelve states that are there or lower. I think the median is \$15, \$16. And then there's different ones that go up there, \$17, \$18, \$20, in that range.

GUERECA: Thank you.

DeBOER: Any other questions? Thank you so much.

RHONDA LAHM: Thank you.

DeBOER: We'll have our next proponent. Anyone else in favor of this bill? Now we'll turn to opponents. Welcome.

ROBERT BELL: Good afternoon, Senator DeBoer and members of the Transportation and Telecommunications Committee. My name is Robert M. Bell, last name is spelled B-e-l-l. I am the executive director and registered lobbyist for the Nebraska Insurance Federation. I'm here today to testify in opposition to LB114. The Nebraska Insurance Federation as the primary trade association of insurance companies in Nebraska. The federation consists of 49 member companies and nine associate members. Members write all lines of insurance. Nebraska insurers provide high value quality insurance products to Nebraskans that provide financial-- excuse me, high quality insurance products to Nebraskans that provide financial protections to Nebraskans during difficult times. Insurance companies also have a significant impact on the Nebraska economy. By any measurement, Nebraska's insurance industry is one of the largest in the nation. According to a study recently completed by the University of Nebraska-Lincoln Bureau of Business Research, the industry had a \$25.77 billion impact on the Nebraska economy in 2022, including providing over 32,000 jobs to Nebraskans. The average wage of a Nebraskan working for an insurance company is nearly \$92,000 annually. According to the National Association of Insurance Commissioners, federation members account for nine of the top ten auto insurance writers in Nebraska, including Nebraska Domestic, Farmers Mutual Nebraska, and Geico. LB114 increases a number of fees charged by the Nebraska Department of Motor Vehicles. Motor vehicle records, driver records are important-- are an

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important piece of the underwriting process for insurance companies, one that helps appropriately distribute risk through the pool of drivers. Given the steep nature of these increases, insurance companies will have three options. First, they could cease utilizing the data, which will change allocation of risk so that good drivers will pay more and bad drivers will pay less. Second, insurers could seek the information from other cheaper sources such as court records. Third, insurers and I think this is probably the most likely outcome, could accept the higher fees and pass along the cost to premium payers. As you've heard, these are very large fee increases. The driver fee increase in LB114 is going from \$7.50 to \$24. The monitoring fee increase being proposed would go from \$0.06 to \$0.30 per record, an increase of 500%. My understanding is that this would bring-- this would put Nebraska motor vehicle fees near the top of all 50 states. While fee increases may be necessary for operations of the Department of Motor Vehicles and implementation of computer programming upgrades at the department, the inclusion of fees for the General Fund seem less about good governance and more about revenue generation for the government, i.e. a fee increase. Certainly the industry is open to further discussion, discussions with the DMV and this committee on the correct amount of the fees to fund the department and upgrade their information systems. But at this point, due to the large size of increase and the likely effect on the auto insurance premiums paid by Nebraskans, the Nebraska Insurance Federation must respectfully oppose LB114. I appreciate the opportunity to testify.

DeBOER: Are there questions? We'll start with Senator Fredrickson.

FREDRICKSON: Thank you, Senator DeBoer. Thank you for being here and your testimony. So you mentioned in there the General Fund piece being a concern of yours as well.

ROBERT BELL: Correct.

FREDRICKSON: If that piece was taken out so the fee was still increased, but minus the \$11 or whatever it was for the General Fund allocation, would that neutralize your testimony, or--

ROBERT BELL: I would have to take that back to the member companies to see. I mean, still, we would be looking at a \$5 increase-ish and that would still put Nebraska kind of at the upper half of, of states, according to the information at my disposal, and most of the states

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that surround us, we would be one of the higher states, but certainly it would make it far more palatable.

FREDRICKSON: Right.

ROBERT BELL: So.

FREDRICKSON: Great. Thank you.

ROBERT BELL: You're welcome.

DeBOER: Senator Brandt.

BRANDT: Thank you, Chairman DeBoer, thank you for your testimony. How much did rates go up for vehicles last year with your companies?

ROBERT BELL: I don't know off the top of my head.

BRANDT: If you had to guess.

ROBERT BELL: Oh my gosh. Based off of my own personal experience, I have teenagers, so I don't know that I would be a good person to say, but I, I'm sure they went up considerably. I have-- I know I have somebody behind me that may be able to answer that question.

BRANDT: But we haven't seen an increase, was it your first or second year when they increased this? And so your rates have gone up regardless of what's happening over here--

ROBERT BELL: Oh, absolutely, absolutely.

BRANDT: --at the Nebraska DMV? Is that correct?

ROBERT BELL: Absolutely.

BRANDT: So, you take this \$5-- let's assume the General Fund is not in there, and you've got to pay \$5 more. You're just going to pass it on to your customers, are you not?

ROBERT BELL: Correct.

BRANDT: It really doesn't hurt your companies at all, does it?

ROBERT BELL: That's an interesting question. It depends on the company. I think every company handles motor vehicle records a little bit differently. Some may ask their agents to run that record. Some

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companies run that record themselves. Some provide mon-- monitor all of their drivers, some do not. But yeah, the, the, the fee would very likely be passed on What we know as insurers, when our, when our rates go up, the people at the margins of of society, the people who sit down and decide, am I going to pay my auto insurance this month or am I going to pay for food? Those are the-- even like a minor increase affects those people the worst. Right? So, and that's why we come in and oppose anything that we think would further increase insurance premiums. Now, insurance premiums are subject and are sensitive to inflation in particular. And so if you have to go repair your vehicle, the labor related to that, the, the cost of the parts, everything like that, there's-- certainly the price is only going up. But really, I think I said enough on that, sorry.

BRANDT: So, do your companies aggregate their rates by taking South Dakota, Nebraska, and Kansas together? Or is each state unique in that when you look at these situations, the Kansas DMV charges \$5, the Nebraska DMV charges \$10, and South Dakota charges \$15, and you adjust rates accordingly?

ROBERT BELL: So every state-- insurance is state regulated, which means-- and it's a highly regulated industry. Auto insurer in Nebraska would have to file their rating system with the Nebraska Department of Insurance. And it is, it's something that they review and can object to. So every state's a little bit different. There are some global things that come into play, right? I mean, that affects rates, in particular reinsurance, but--

BRANDT: But you have to admit, this is pretty negligible in the scheme of things that, that affect auto insurance.

ROBERT BELL: If, if the rate-- yeah I mean I'm not saying it's your, your fees are going to-- your premiums are going to go up by 25% because of this or something like that. But it's a noticeable impact on certain companies in Nebraska that you could start talking about percentages of premium increase related directly to this bill. Now, if you take out the General Fund, that's about half of, of that increase.

BRANDT: All right. I appreciate it.

ROBERT BELL: You're welcome.

BRANDT: Thank you, Mr. Bell.

ROBERT BELL: Yup.

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DeBOER: Other questions? So I should have asked the director this and I neglected to. Do, you know, do we currently-- so if we went from \$7.50 to \$12.50, which would be without that \$11.50, well then my math is off somehow, but if we went instead to not using the General Fund so we had \$5 added on to your fee, would-- so that wouldn't have a significant impact on premiums you don't think, or it would still?

ROBERT BELL: There would be an impact.

DeBOER: There would be an impact.

ROBERT BELL: There would be an impact.

DeBOER: You're going to pass it on.

ROBERT BELL: Yeah. If it's a smaller obviously less is going to be passed on.

DeBOER: OK. Do you know-- this is what I should have asked the director. Is there currently a portion of that fee assigned to the General Fund?

ROBERT BELL: Oh, I don't believe so.

DeBOER: So this would be new to assign something to the General Fund.

ROBERT BELL: Yeah, if you look at the language of the bill, I mean, it looks like the General Fund language is new. Now, there could be another fee out there that I, I'm not aware of--

DeBOER: That's what I mean, like I didn't know--

ROBERT BELL: --that's charged by the Department of Motor Vehicles that perhaps goes there. She would be able to answer that, obviously.

DeBOER: OK, well, I will ask that later.

ROBERT BELL: OK. Yep.

DeBOER: But that's, that's really the piece that's sort of the most outlier. This continued updates to driver record monitoring fees that goes from \$0.06 to \$0.30. How often do you use those?

ROBERT BELL: I know, I know Ann Parr who's the general counsel of Farmers Mutual of Nebraska is going to testify behind me, and she might be able to, to speak more specifically to her company. But my

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understanding is that some companies use this on their drivers in Nebraska. So like, I'll use my, my 17 year old when he's in an accident, which he seems like he's in quite a few of them. They know. And then, you know, that they're monitoring his record, State Farm in that case. And then I will see the accompanying fee increase.

DeBOER: So that's, so that's sort of an ongoing monitoring that they don't do like once a year, this is like an ongoing--

ROBERT BELL: Yeah. And, and how those act, specifics of that work, I am not sure.

DeBOER: OK. All right. Thank you.

ROBERT BELL: You're welcome.

DeBOER: Any other questions? Thanks for being here. Next opponent.

ANN PARR: Good afternoon.

DeBOER: Hi, thanks for being here.

ANN PARR: My name is Ann Parr, A-n-n P-a-r-r. I am with Farmers Mutual of Nebraska, I'm employed by them, I'm also a registered lobbyist on their behalf. I feel like I should just start by saying, do you have any questions? Because I think you will. But let me give you just a little bit of background about how we use these reports and what the impact would be for us. When we get an application for a new auto policy, or when we get a quote for a new-- a policy, we need those MVRs to verify the driving record of the applicant on each of the drivers that would be listed on that policy. Having that accurate driver record is a really critical step for us in determining whether to issue the policy, and if so, how much to rate for it. So just to give you an idea, so Farmers Mutual is the number one-- it's the leading Nebraska based insurer in the state. So we have a fair share of the market in this state. We provided about 30,000 auto quotes last year for auto insurance. There are an average of three drivers on each policy, which means that we obtained 90,000 MVRs to evaluate those applicants last year. Now, we pay the current cost of \$7.50. Like you, I've been around long enough to remember when it was even less than half of that, so. But if we pay \$7.50 each for those, and the cost of each one increases to \$24, obviously an increase of \$16.50 each, times 90,000 reports, for us that means \$1.48 additional million that we would spend for those reports every year. So that's \$1.485 million additional for those reports. And then we've alluded to the monitoring

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as well. In addition to quoting those potential new drivers, we also monitor our existing business, because we need to know if something in their record has changed that would, again, affect our willingness to renew their policy and/or change their rates and so forth. So that's a critical part of our decision making as well. We monitor about 20,000 existing drivers per month at our company. We do that again to keep on top of their driving records. The number of hits we get off of that varies quite a bit. And by hit, I mean, a something that shows a significant change in their driving activity. We pay a fee for this monitoring. I am regretting now that I didn't bring somebody from underwriting who could explain this more carefully exactly how we do this. But over the course of a year, the increased monitoring and maintenance fee that we would pay, as, as well as the increased MVR fee, because if there is activity, we will then go ahead and, and request a whole new MVR on that person as well. That's an estimated additional cost to us of several hundred thousand dollars. So in total we are estimating that the cost of this bill to us would be close to \$2 million per year, every year. So I just wanted to kind of give you a sense of what it would mean for us, again, as the leading Nebraska based insurer. Just to give you an idea, I know there's been some questions, maybe I can get ahead of them here, but there's been some talk about what other states do. I think the information that I have is that the average cost nationwide is \$10 to \$11 a year-- or per MVR. Close to us, we also write insurance in South Dakota, North Dakota-- I know my light is on. Shall I stop?

DeBOER: No, I think there will probably be quite a number of questions.

ANN PARR: OK.

DeBOER: So are there questions from the committee? Senator Brandt.

BRANDT: Would you please continue with what your thought was.

ANN PARR: Yeah, just, just taking a quick peek at our neighbors. South Dakota currently is at \$5 per MVR, North Dakota, where we also write is \$3. Missouri, we don't write there, but it's a neighbor, \$2.82. So obviously \$24, a little bit higher than those. You know, again, I, I understand this would be, perhaps, a needed source of income for the DMV. But the reality is we're going to have to pass that increase along to our customers, as, as you've all alluded to. So we are respectfully asking that you oppose the bill.

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BRANDT: But if, if --Director Lahm has testified that we're in the bottom 10%.

ANN PARR: Currently, yes.

BRANDT: OK, 10% of 50 is 5, and you've just identified 3 or 4 other states that are even less than us. So that tells me everybody else is more than we are.

ANN PARR: Well--

BRANDT: Either that or we've got some bad information going through here.

ANN PARR: Yeah, I, I think this would put us at number two or three in the nation from what-- from the information I have.

BRANDT: At \$24.

ANN PARR: Yes, at \$24.

BRANDT: At \$12, is that the mean?

ANN PARR: That's probably close to the average. Yeah.

BRANDT: So--

ANN PARR: A little bit higher, maybe, yeah. .

BRANDT: You could, your company could probably survive at \$12?

ANN PARR: We could survive. Yes. Could we survive? To be completely honest, we're not making money on auto insurance right now as it is. So we're not, you know, we've got-- that would be an additional cost to us. And again, I-- we-- our choice would be to either pass that along to our customers or to seek other sources for that information.

BRANDT: And then on these drivers that you monitor for, I don't know, \$0.06 a month and it's going to go up to \$0.30 a month, I assume those are probably more of your high risk individuals?

ANN PARR: And that's why I say I regret, regret not bringing one of the underwriters, because I'm not sure if we do that just randomly, or if we have some select group that we're monitoring. I, I can't tell you that.

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BRANDT: But all of these costs are passed on to your customers, are they not?

ANN PARR: Already, yes.

BRANDT: Yeah, I mean, it really is just a pass through cost. You know, it'd be like if we sales taxed insurance companies, it would make no difference because it would just be passed on to the consumer.

ANN PARR: It's our cost of doing business. So, yes.

BRANDT: OK. Do you see anything in this bill that we could do to make it better?

ANN PARR: Well, my first choice, if you're asking, is just pretend it never happened, of course. But are we open to discussion about what would be a more reasonable fee? Absolutely. Yeah.

BRANDT: OK. Thank you.

DeBOER: Thank you, Senator Brandt. Other questions? Senator Guereca.

GUERECA: Thank you for, for being here, Ms. Barr-- Parr, with all due [INAUDIBLE]. Out of those 30,000 quotes, the record requests that you pull, how many of those end up being customers, do you have a number?

ANN PARR: Oh, shoot. I can't tell you. I'm sorry. I mean, I can get that for you, I don't have it off the top of my head.

GUERECA: Gotcha.

ANN PARR: Yeah.

GUERECA: And do you know, well you might not know, the criteria for a driver being on that list that is constantly being monitored.

ANN PARR: Yeah. Again, I don't know if we do that randomly or if that's something we just do.

GUERECA: Thank you.

ANN PARR: I can get that. If it's important to you, let me know, and I would--

GUERECA: Appreciate it. Thanks.

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ANN PARR: --absolutely be able to find out. Yeah.

DeBOER: Thank you, Senator Guereca. Other questions? I was actually going to ask you to provide that information--

ANN PARR: OK.

DeBOER: --if you could, just to give us some sense of that when we're trying to figure out what to do here on this bill, because we want to support Director Lahm and the good work that she does there. But we want to also make sure that we're charging appropriate fees.

ANN PARR: Yes. Yeah, so I can get you additional information.

DeBOER: Yeah, if you can get us that, because it's very easy to look at the \$11.50 that goes to the General Fund. It's a little harder to see how some of these, you know, other pieces are, are going. So, yeah, I was going to ask, to the point that Senator Guereca made, that some of the-- I would imagine a substantial number of those quotes, because you give free quotes on auto insurance--

ANN PARR: Right. Right.

DeBOER: --would not end up being customers of yours.

ANN PARR: That's true. Yeah. Either because they choose to go elsewhere or we say no.

DeBOER: Right. Yeah. But they find a lower price somewhere else.

ANN PARR: Right.

DeBOER: So in that way, you're going to sort of end up paying a disproportionate part as a--

ANN PARR: Yes.

DeBOER: --customer--

ANN PARR: Yes.

DeBOER: --for other people's--

ANN PARR: Right.

DeBOER: --increases in fees that don't end up--

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ANN PARR: Right. Yeah. Yeah, exactly.

DeBOER: OK. Thank you. Any other questions? Thank you for being here.

ANN PARR: OK. Thank you.

DeBOER: Next opponent. Welcome.

MARY VAGGALIS: Thank you. Good afternoon. My name is Mary Vaggalis, M-a-r-y V as in Victor, a-g--g-a-l-i-s. I'm here today as a registered lobbyist for the Consumer Data Industry Association, or CDIA, and the Independent Insurance Agents of Nebraska, the Big I, and I've also been authorized to testify for the Nebraska Retail Federation. I'm here to testify in opposition to the proposed fee increases in LB114 related to motor vehicle records. I think we've already covered the size of the increase, but I want to let you know that motor vehicle records are used in a variety of situations CDIA's members, including motor vehicle and equipment safety recalls, class action notifications, vehicle history reports, and auto statistics, among other important safety uses protected and regulated by the Drivers Privacy Protection Act at the federal level. Because CDIA members must purchase all of the title and registra-- registration records for every state each month, this is not-- there's no way to limit their costs. Likewise, those records are important to auto insurance underwriting, as you previously heard, a cost that is sometimes borne by the insurers, but other times is borne by the insurance agents themselves. Nebraska's current registration fee of \$7.50 is-- for individual records is mid range regionally. The proposed increase would make Nebraska one of the most expensive states, and increase costs for the small businesses represented by our insurance agents. Increasing the cost of accessing necessary records required in the insurance space ultimately increases the cost of underwriting and other insurance activities. For businesses with large vehicle fleets, including those in the delivery and common carrier spaces, these costs can quickly impact the bottom line, and increase the direct costs and shipping or delivery cost of goods and services. It is my understanding, as Director Lahm mentioned, that there is ongoing conversations between industry and the DMV. We are hopeful that we can reach a compromise and are willing participants in those discussions. With that, I'll answer any questions you have.

DeBOER: Thank you. Are there questions? I just want to follow up on one thing you said. Folks who are sending out letters about vehicle recalls buy these records. Is that what you said?

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MARY VAGGALIS: Yes, they do. So, for example, there may be a recall related to a specific type of vehicle. So I can use myself as example, I drive a 2019 Subaru Forester, right? And so I recently received some information about a door handle warranty for a certain number of Subaru vehicles in a certain year. And in order to know who they have to send that information to, they pull the motor vehicle records because, you know, many may be purchased, you know, with cash, or they're no longer being leased. So the motor vehicle company themselves won't necessarily know if they have changed hands. And so those types of information are pulled from these records.

DeBOER: So do they pull them for each person that drives a 2019 Subaru Forester, did you say?

MARY VAGGALIS: No, and that's where the bulk records come into play. So a CDIA member company, or somebody else in that same space, might pull all the records and then be able to process and synthesize which of those records apply to the specific vehicle recall. So they purchase those records in bulk so they have all of the current information.

DeBOER: So they might purchase every vehicle in Nebraska records, or from a certain year or something, and then they would sort through it themselves, is that what you're saying?

MARY VAGGALIS: Yes. So because they have a variety of customers, the pattern of practice is to request every record in every state every month. So that, that's a, a fixed cost for them. And then of course, how they use those records depends on the, the type of customer who's requesting them and their purpose.

DeBOER: So when, when we heard 90% are for companies to resell or reuse the, the records for their own profit, part of it is those kinds of companies that would provide information to whoever sends out the notices about vehicle recalls. Is that right?

MARY VAGGALIS: That's correct. And it's, it's really a question of efficiency, right? So if Subaru wanted to go out and do that nationwide with all those records, that's going to be a lot less efficient than a company that already has those types of records and has this type of software system to sort and divide those records. So ultimately, the goal is efficiency and cost savings on an individual basis, but their business, yes, is predicated on those-- providing those types of services.

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DeBOER: All right. Thank you. The-- other question? Senator Brandt.

BRANDT: Thank you, Chairwoman DeBoer. Thank you, Ms. Vaggalis, for testifying. So I hate to say it, but what difference does it make? Because your company is aggregating all this information monthly. Subaru has a recall. They like your company. They call them up and say find every 2019 Forester out there. Your company has already got an algorithm that it knows that Michigan charges this-- for this information, Nebraska charges this, and California charges this. And these rates change all the time in all these states. And, and so it knows how to assign a cost to that per vehicle that they find to this company and it'll adjust it accordingly. So I mean your cust-- your company is never going to lose money because they're always going to put a margin on that regardless of what it is. Am I seeing this incorrectly?

MARY VAGGALIS: Yeah, I think that's a fair assessment. And, you know, in that kind of situation, you know, the impact is very different because of the large scale. As you pointed out, those costs can probably recuperated, but the costs for a, a smaller business, or those collecting these fees who are maybe more local from like a trucking company perspective or those types of things, will see a, a larger impact, I, I would assume. You know, and talking about, you know, our independent insurance agents specifically, they're not allowed to recover those costs from the customers when they request it. So that is just-- it's a cost of doing business, but it, it's a pretty significant increase that's proposed here that goes to their bottom line of their small business. So the, the impact certainly varies based on, you know, the breadth of, of information they're using, the type of thing that they're using the information for. But it, it's a significant increase that's proposed in this bill. And we hope to find a compromise at a lower rate.

BRANDT: All right. Thank you.

DeBOER: Other questions? Thank you for being here.

MARY VAGGALIS: Thank you.

DeBOER: We'll take our next opponent. Anyone else to testify in opposition to this bill? Neutral? Anyone would like to testify in a neutral capacity? Seeing none, as Senator Moser is coming up for closing, I will note for the record, there were no online comments on this bill.

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MOSER: Well, thank you, committee members, for listening to the discussion on LB114. Some interesting thoughts occurred to me during this discussion. You know, there are secondary markets in these records, and so I wonder who's actually paying these fees and if somebody might aggregate all this information and then sell it on their own for a much lower price. I don't know if that's happening or not, but that question occurs to me. So that would be an interesting question. And, you know, I, I hate to see anybody unfairly disadvantaged by fees, but, you know, the state has costs in providing services that it provides, and everybody needs to pay to help offset those costs. Nebraska is headquarters for many insurance companies because we have really good laws and fees for headquartering your insurance company in Nebraska. You know, maybe that's something we need to look at. You know, if this is really unfairly targeting insurance companies, then we should look at the total picture of how we-- how insurance companies pay their costs of doing business in Nebraska. So I don't know, are there any other questions?

DeBOER: Questions for Senator Moser.

MOSER: OK.

DeBOER: Senator Moser, I have received from the clerk some information that in fact there were five opponent comments on the public online comment portal.

MOSER: Well, would it-- I just got information earlier that said none, so. Chances are the clerk is correct and I'm not, so--

DeBOER: OK.

MOSER: --we'll go with that.

DeBOER: So for the record we'll note zero propo-- proponents, five opponents, zero neutral, neutral. That will end our hearing-- Oh, are there questions for Senator Moser? I don't see any. That will end our hearing on LB114, and end our hearings for the day.

MOSER: Thank you very much. Appreciate it. Well, that went better than I thought.