

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Transportation and Telecommunications Committee
March 09, 2009

[LB372 LB384 LB543]

The Committee on Transportation and Telecommunications met at 1:30 p.m. on Monday, March 9, 2009, in Room 1113 of the State Capitol, Lincoln, Nebraska, for the purpose of conducting a public hearing on LB384, LB372, and LB543. Senators present: Deb Fischer, Chairperson; Arnie Stuthman, Vice Chairperson; Kathy Campbell; Tim Gay; Galen Hadley, Charlie Janssen; and LeRoy Louden. Senators absent: Scott Lautenbaugh. []

SENATOR FISCHER: (Recorder malfunction)...Telecommunications Committee. My name is Deb Fischer. I'm the Chair of the committee and I'm the senator from Valentine, Nebraska, District 43. At this time I would like to introduce to you our committee members that are present. On my far right is Senator Kathy Campbell from Lincoln, Nebraska; next we have Senator Tim Gay from Papillion; next we have the Vice Chair of the committee, Senator Arnie Stuthman from Platte Center. On my immediate right is Mr. Dustin Vaughn, he is our committee counsel. On my immediate left is Ms. Laurie Vollertsen, she is our committee clerk. And next we have Senator Galen Hadley from Kearney. We will have other committee members coming in during the hearing and I'll introduce them at that time. Our pages today are Justin Escamilla from Scottsbluff; and Jamie Myers from Stuart, which is in my legislative district. We will be hearing the bills in the order listed on the agenda. Those wishing to testify on a bill should come to the front of the room and be ready to testify as soon as someone finishes testifying, in order to keep the hearing going. I ask that you please sign the yellow sign-in sheet at the on-deck table and have that ready to hand in when you testify. We use a computerized transcription program and so it's very important that you follow the directions on that sheet. And if you would please hand those into our committee clerk before you sit down to testify I would appreciate it. For the record, at the beginning of your testimony please spell your last name and your first name if it can be spelled in several different ways. And we ask that you keep your testimony concise. Try not to repeat what someone else has covered. If you don't want to testify but you do want to voice your support or opposition to a bill, you can indicate so at the on-deck table, there is a sheet provided for you there that you may sign. This will be part of the official record of our hearing. If you want to be listed on the committee statement, however, as a testifier, you need to come forward, complete the yellow sign-in sheet and testify. And even if that is just simply stating your name and your position on the bill, that will ensure that you are listed on the committee statement. If you do not choose to testify, you may submit your comments in writing and have them read into the official record. If you need anything, please let me know. The pages are here to help you if you need copies made of your testimony or anything. And at this time I would ask that you please turn off your cell phones. In this committee we do not allow cell phones on and that means no text messaging too. I would like to note for the record that we have been joined by Senator LeRoy Louden. Senator Louden is from Ellsworth, Nebraska. And with that, I will open the hearing on LB384. And Senator Pahls is here to open for his bill. Good afternoon,

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Senator Pahls, and welcome. [LB384]

SENATOR PAHLS: Thank you and good afternoon. Welcome to you, fellow senators. Today I bring...my name is Rich Pahls, P-a-h-l-s. I represent District 31, which is Millard of Omaha. Today I bring forth LB384. I introduced this bill on behalf of the Federal Law Enforcement Officers Association. You will recall that we had a similar bill earlier in the year that we advanced and it has already passed on Final Reading. It dealt with undercover license plates and driver's license for federal law enforcement purposes. This bill deals with excess to the Department of Motor Vehicle records on driver's licenses. Under current law the Department of Motor Vehicles or a law enforcement officer is prohibited from releasing the image or digital signature from a driver's license to anyone except a federal, state or local law enforcement agency or to the driver's license agency of another state. LB384 adds federal civil enforcement agencies to the list. Here is the problem. The current statute has been construed by the Attorney General and the DMV to restrict release of information strictly to law enforcement agency. The IRS is not considered a law enforcement agency, even though it has some law enforcement officers. Federal IRS enforcement officers would have access to this information under LB384 because the IRS is a federal civil enforcement agency to assist the officers in their investigation and enforcement of IRS laws. The other option is to amend the bill to say "any federal law enforcement officer" or by listing the exact name of the agencies we intend, such as the Internal Revenue Services. Tim Kasun will follow my testimony and he can discuss with you which direction they would prefer to go, either by a list or actually saying the word "civil." That concludes my statement. [LB384]

SENATOR FISCHER: Thank you, Senator Pahls. Are there questions? Senator Stuthman. [LB384]

SENATOR STUTHMAN: Thank you, Senator Fischer. Senator Pahls, was this just omitted last year, the federal civil enforcement agency? [LB384]

SENATOR PAHLS: No, I don't know. Earlier this year we had had another bill dealing with... [LB384]

SENATOR STUTHMAN: No, but we...we had passed, you know, this part of it, you know, a year ago. You know. [LB384]

SENATOR PAHLS: Right, yeah. Well, all I know is I've been told that they would...the Attorney General and the DMV cannot release because it does not say the word "civil." [LB384]

SENATOR STUTHMAN: Because it's not identified. [LB384]

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SENATOR PAHLS: It needs that simple one word. Yes. [LB384]

SENATOR STUTHMAN: Okay, thank you. [LB384]

SENATOR FISCHER: Other questions? I see none. Thank you, Senator Pahls. [LB384]

SENATOR PAHLS: Yeah, I think I will waive closing. [LB384]

SENATOR FISCHER: You will waive closing? [LB384]

SENATOR PAHLS: Yes. Thank you. [LB384]

SENATOR FISCHER: Okay. Thank you. Other proponents for the bill, please. And could I ask for a show of hands on how many people plan to testify on this bill. You are it. (Laugh) Good afternoon. [LB384]

TIM KASUN: Thank you. Good afternoon, Senator. My name is Tim Kasun and I'm the legislative affairs officer for FLEOA, Chapter 65. Last name spelled K-a-s-u-n, and that stands for Federal Law Enforcement Officers Association, Chapter 65 is Nebraska-Iowa. And just wanted to give a little bit of clarity with regards to LB384 because when it was presented to me there was some smaller agencies that told me that on NCJIS they weren't able to secure the drivers license picture of an individual. Just wanted to explain a little bit with regards to how federal law enforcement actually works. Kind of give you...in the state of Nebraska you have 93 counties. In those counties you have a sheriff. And that sheriff has a geographical area where he's supposed to enforce the state laws and statutes in that geographical location. Well, the federal government is something similar to that but it has a little different twist to it. What they do is they say is you're an 1811 or 1801, which is a federal law enforcement officer, they give you, say, they tell you, you can enforce that law anywhere in the U.S. or the U.S. territories. However, the difference is what they do is they give every federal agency different federal jurisdiction, like you're DEA, they mainly take drugs; ATF, guns and explosives; ICE, customs, which would be more of your immigration enforcement and international customs; and then the FBI, which everybody knows has the broadest jurisdiction; IRS, criminal investigation, they have basically our financial crimes, so it would be anything which would be Title XXVI to income tax, Title XVIII which is your money laundering, and Title XXXI, your bank security fraud. My understanding from talking to like Fish and Wildlife, which is another organization that also has 1811s that are special agents that enforce those laws, and they indicated to me that they were also having a problem. And when I spoke with the DMV, and I didn't have a lot of clarity on this when Senator Pahls actually...we kind of came with saying federal civil agency. But after I spoke with the DMV and the Crime Commission, what we kind of concluded is different agencies were able to secure the driver's license photo on NCJIS if they would show statutory authority. Because what happens, in that law it says, law enforcement

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agency. And it does not define what a law enforcement agency is. However, the Nebraska Crime Commission, Mike Overton, told me that it describes like state police, the state troopers, the sheriffs and so on and so forth. And it kind of left out, it even left some state agencies that have law enforcement...that are law enforcement certified, they are, you know, in law enforcement but they can't even secure them. And in some of the...so what happened is there had been an interpretation. And he told me the Attorney General's Office ended up coming with an interpretation basically saying the main focus of the agency would have to be dealing with law enforcement. Well, for example, what they would do is then there would be, I wouldn't say picking and choosing, but you know, and I understand the DMV they have to protect themselves and so does the Nebraska Crime Commission. And that's kind of like why we're here, so we can get everybody on the same page and get it into law that they can secure it. So the federal government then would, the different agencies would present their statutory authority to be able to secure it. And I think right now the way it is, is pretty ambiguous. And what would actually be a better way to say it, I believe, would be you have federal law enforcement agency which is kind of defined but not completely defined for the state agencies. But then I would include "federal law enforcement officer and federal law enforcement support staff." This way, instead of saying a "federal civil agency" which is very confusing, to basically say they have to be a federal law enforcement officer or federal law enforcement support staff. Because the way the federal law enforcement officer works is, for example, like the IRS, which he specifically mentioned, everybody knows that agency is auditors. And what happens is there is 1811s, such as myself, that enforce those federal criminal laws. And you are completely segregated from the civil side of the IRS. And it basically goes from the commissioner, which the Treasury gives it to the commissioner, commissioner gives it to the...our agency calls it a chief, and then goes down to the director of field operations and the SACs, special agent in charge, and so on and so forth, has absolutely nothing to do with the civil side of the IRS. And they...we have our own space and we have absolutely nothing to do with them. If we're enforcing federal criminal laws that have nothing to do with Title XXVI, which is your Title XVIII, Title XXXI, we also have to go to the courts in order to secure what they call an ex parte order saying that we can actually review federal income tax returns. We don't even have access to the systems, it's very limited. So, basically, what I'm saying is what we would like is for...to be inserted into it would be saying "federal law enforcement officer, federal law enforcement support staff." This way it would take out and actually would...would actually define what...who in the federal government could actually secure the DMV photo on NCJIS. Do you have any questions? [LB384]

SENATOR FISCHER: Thank you. Are there any questions? Senator Louden. [LB384]

SENATOR LOUDEN: Yes. Then you're telling us that the language that's in here it isn't enough clarification for what you want it to do? [LB384]

TIM KASUN: Right. I think because I believe it says... [LB384]

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SENATOR LOUDEN: It says the "federal civil enforcement agency." [LB384]

TIM KASUN: Right. [LB384]

SENATOR LOUDEN: Now does that take in like Alcohol and Tobacco, Firearms division or the...who all would be entitled to that? [LB384]

TIM KASUN: Well, see that's why, I think, that's kind of a little ambiguous. I think if we said "law enforcement officer"... [LB384]

SENATOR LOUDEN: What about Immigration, are they entitled to that? [LB384]

TIM KASUN: They would all be entitled to it because they... [LB384]

SENATOR LOUDEN: Are they entitled to it now? [LB384]

TIM KASUN: Some agencies, yes, because... [LB384]

SENATOR LOUDEN: Like Immigration, though I mean. [LB384]

TIM KASUN: Immigration can, yes. [LB384]

SENATOR LOUDEN: Yeah, okay. I was just wondering what other agencies we would...when it just said "federal law enforcement" if that took in most all of them or... [LB384]

TIM KASUN: That would take in everyone that would actually have the ability to enforce federal law. So...and we...actually I, personally, feel that if you say... [LB384]

SENATOR LOUDEN: Why would the Internal Revenue Service need to have your driver's license? [LB384]

TIM KASUN: The photo, well, for example, obviously we get involved in several things, investigations that have absolutely nothing to do... [LB384]

SENATOR LOUDEN: Yeah, but they can go in and clamp all your money anyway. What difference does it make who you are or where you are? They got everything you have so... [LB384]

TIM KASUN: Well, you know, I'd agree with you but that would actually be like the civil side. If the criminal side went, for example, if there was going to be a criminal case against somebody, a lot of people don't realize this because they actually think that you

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have to turn over your records. You don't have to turn over your records. You still have your Fifth Amendment right. Basically, what...for criminal investigations an investigator what they do is they'll take a tax return and basically say, you see that amount, you missed it by usually a minimum of a half million dollars of some form of unreported income. And, you know, you can go to jail for that. If it's something that's technical it is never given. So it's not...the requirements are actually completely different. You have your training because it's down in Brunswick, Georgia. So they call that the CI school, which stands for Criminal Investigator. And that would be your ATF, Secret Service, Postal, us, IRS criminal investigation, ICE, we all go to the exact same school. What happens is... [LB384]

SENATOR LOUDEN: Now the next question I'd have then, if you...one of these federal, they wanted identification, you show them your driver's license. Well, when they take that drivers license and run that number through they've already got all you...all they need isn't it, because that's your national identification. I mean, what else are they looking for by getting a picture other than taking the picture off of your drivers license? Is that all that this bill would do then is give them authority to get the picture off? [LB384]

TIM KASUN: Right, basically, on NC just would be able to secure the photograph of the individual that's either a subject of investigation. For example, I've been involved in investigations of drug dealers and they have taken assets along with...my partner who's now retired and he works for DEA as an analyst. But we took over \$2 million in 2003 in the state of Nebraska and Iowa that we ended up seizing. And all that information, in order to operate, to be able to identify people we would have photographs of individuals so we can secure those photographs. And we talked to people that were providing us information or people that were actually arrested on whatever type of charge, a drug charge or whatever, they could say, yeah that is the individual who I dealt with. They may not even know who the name is. They may know, you know, that's a...he goes by Mack Boy or whatever. And this way we can do a...have a positive ID on individual targets or even possible witnesses. [LB384]

SENATOR LOUDEN: Can you do that now? [LB384]

TIM KASUN: Some agencies can, some can't. [LB384]

SENATOR LOUDEN: Can your...the one you're working for now do it? [LB384]

TIM KASUN: No. [LB384]

SENATOR LOUDEN: Okay, thank you. [LB384]

SENATOR FISCHER: Other questions? Senator Hadley. [LB384]

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SENATOR HADLEY: Senator Fischer. Thank you, sir. I guess I counted there's one, two, three, four, five words that are changed in the bill. And I'm kind of confused. Federal civil enforcement agency is that...you're saying like the IRS is a federal civil enforcement agency. [LB384]

TIM KASUN: Well, what happened is I didn't...and I take responsibility for that. I kind of messed up because I had people explain to me with regards to why they were unable to secure, you know, drivers license photos. Well, I received a lot more clarity when I spoke with the DMV and I spoke with the Nebraska Crime Commission because of what they said with regards to what constitutes a law enforcement agency. And I think that's where the problem kind of comes. They specifically have a list and they will name a list. And there's no federal law enforcement agency named in it whatsoever. And this is where, I think, that...where I kind of would like for, you know, my membership would like to be able to actually say that we're named in there by, you know, federal law enforcement officer, federal law enforcement support staff, which that would basically limit the photograph ID. And I think that's the expectation that everybody wants is to limit the photo just to...for enforcement...criminal enforcement purposes, to enforce the federal laws. And that's why kind of switching...would like that language kind of being changed to making that statement instead. [LB384]

SENATOR HADLEY: I guess, but it says they can do it now to a federal, state or local law enforcement agency. That's part of the bill, I mean that's in law right now. Is that correct? [LB384]

TIM KASUN: That...right. And... [LB384]

SENATOR HADLEY: And I'm just trying to find out what a federal civil enforcement agency is. [LB384]

TIM KASUN: Right. My understanding is it went, and that's where it went to the Crime Commission, Mike Overton told me that they actually listed the different state agencies out. And I think they forgot like probation, the State Probation, and I think even State Fire Marshal, where they're not listed in there and if, you know, correct me if I'm wrong but I think they cannot secure it. And they are certified state...by the state of Nebraska. But what happens, there's no definition of what a federal law enforcement agency is. I mean nobody is named. And then I think the Attorney General went and said that, well, their primary function would have to actually be a law enforcement agency. So in other words they would say, okay, what's your statutory authority. And some agencies were able to do that because they could show statutory authority and they're completely segregated from whatever agency they work for, like the postal inspectors. You know the Post Office, when you think postal, you think of people delivering the mail. But they do have people enforce the laws of the mail, and I know they go...mail fraud and so on and so forth. [LB384]

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SENATOR HADLEY: Well, let's stop right there. Are you saying that a federal postal inspector is not a federal law enforcement agency then? [LB384]

TIM KASUN: No, it is, but we're...I think where the problem comes is there's no language anywhere actually saying that... [LB384]

SENATOR FISCHER: Would you say that currently the way Nebraska is interpreting the law it is not defined, the Postal Service is not defined as a law enforcement agency? I think that's correct. And what we're looking at here is trying to add more federal agencies to our statutes that could have access to drivers license pictures. [LB384]

TIM KASUN: Correct. [LB384]

SENATOR FISCHER: Okay. Any other questions? Not to interrupt, Senator Hadley, but I...you were... [LB384]

SENATOR HADLEY: Thank you. [LB384]

SENATOR FISCHER: The conversation was confusing me, so I had to clarify that. [LB384]

SENATOR HADLEY: (Laugh) Thank you. [LB384]

TIM KASUN: Thank you, Senator. [LB384]

SENATOR FISCHER: Any other questions? What other states do you have that access to? And what agency are you with again? [LB384]

TIM KASUN: Actually, I'm...the agency I work for is U.S. Treasury... [LB384]

SENATOR FISCHER: You can't tell us that. [LB384]

TIM KASUN: IRS criminal investigation. [LB384]

SENATOR FISCHER: I remember you, you're the treasury guy from before. [LB384]

TIM KASUN: Right. But we can secure those photographs in every state. I know we receive them all the time from Iowa. [LB384]

SENATOR FISCHER: Can IRS secure them in every other state? [LB384]

TIM KASUN: Um-hum. Yes, we can. [LB384]

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SENATOR FISCHER: It's just here in Nebraska that they would have a problem with it. [LB384]

TIM KASUN: Right. And I think a lot of that has to do with when everything kind of went together, everybody just wanted to get a bill together to be able to get the system going. [LB384]

SENATOR FISCHER: Okay. Other questions? Thank you very much for being here today. [LB384]

TIM KASUN: Thank you, senators. [LB384]

SENATOR FISCHER: Are there other proponents for the bill? Are there any opponents to bill? Anyone testifying in the neutral capacity? I see none. Senator Pahls did waive closing. So with that, I will close the hearing on LB384 and open the hearing on LB372. And, Senator Campbell, this is your first time coming before you committee. [LB384 LB372]

SENATOR CAMPBELL: Yes, Chairman Fischer. [LB372]

SENATOR FISCHER: Welcome. [LB372]

SENATOR CAMPBELL: It's probably more awestruck to be in front of your own committee than another committee. But, Chairman Fischer and members of the Transportation and Telecommunications Committee, I am Senator Kathy Campbell, representing District 25 and am introducing to day LB372. I would like to say at the onset that I am...it is certainly with a pleasure to introduce this bill on behalf of Director Neth who will be answering all the questions, short and long today on this bill. LB372 is intended to allow the Department of Motor Vehicles to share driver license digital images and signatures with certified law enforcement officers employed by other state agencies in an investigative capacity. That's probably what makes this bill different than the previous bill because we're dealing with state agencies. Under current law, such investigators are not allowed access to such images or signatures. This restriction may slow the investigative process. Both the Fire Marshal's Office and the Department of Insurance employ certified law enforcement officers to aid these agencies in their statutory duties. This bill is written so that any state agency employing certified law enforcement officers for investigative purposes could have access to the images. There is a second part, though, of LB372 that I want to draw your attention to. It also reduces the penalty for knowing disclosure of an image or signature in violation of the law. The current penalty is a Class IV felony and removal from office or discharge. A Class IV felony carries a maximum of five years imprisonment or \$10,000 fine or both. Under LB372 the penalty becomes a Class I misdemeanor which carries a maximum of one

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year imprisonment or \$1,000 fine or both. This retains a serious penalty for anyone with access to such images or signatures but is more in line with other penalties for similar violations found in the Criminal Code. And I'm sure Director Neth will provide some information on both aspects of that. So with that, thank you, Madam Chairman. And I would encourage you to listen heartily to Director Neth. [LB372]

SENATOR FISCHER: Thank you, Senator Campbell. Are there any questions? I see none, thank you very much. [LB372]

SENATOR CAMPBELL: Thank you. [LB372]

SENATOR FISCHER: Could I have a show of hands of the people that plan to testify on this bill, please. One, two, three? Okay. First proponent, please. Good afternoon. [LB372]

BEVERLY NETH: (Exhibit 1) Good afternoon, Chairwoman Fischer, members of the committee. I am Beverly Neth, B-e-v-e-r-l-y N-e-t-h, director of the Department of Motor Vehicles appearing today to offer testimony in support of LB372. I want to thank Senator Campbell for introducing this bill on behalf of the department. The department first began storing digital images and signatures of holders of driver license and identification cards with the implementation of the Digital Driver License System in 2001. We now have digital images and signatures for all of Nebraska's 1.5 million licensed drivers and ID cardholders. When the law that created the Digital Driver License System was debated, the Legislature imposed limitations on how the images and signatures stored by the DMV could be used. The use of images and signatures is limited to driver licensing agencies and law enforcement agencies. The law does not say "law enforcement officers" it says "law enforcement agencies." From the beginning, that language acted as a prohibition to access of images and signatures by certified law enforcement officers who are not employed by the commonly defined law enforcement agencies. Several state agencies, including the Department Revenue, Department of Insurance, Fire Marshal, Game and Parks, and even the Department of Motor Vehicles employ sworn law enforcement officers who act in investigative capacities. Under the narrow terms of the current law, the DMV cannot lawfully release a stored image or signature to its sister agencies who are attempting to carry out their statutory law enforcement duties. LB372 allows certified law enforcement officers working in an investigative capacity for a state agency to the list of those who may have access to the images and signatures currently in statute. The language still limits the release of the stored images and signatures to law enforcement officers for law enforcement purposes. I know that representatives of the Department of Insurance and State Fire Marshal's Office are here to detail how LB372 will better assist them in carrying out their statutory duties. As Senator Campbell said, LB372 also modifies the penalty for unlawful release of digital image or digital signature from a Class IV felony to a Class I misdemeanor. As she stated, the Class I misdemeanor is a serious penalty, it does

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carry a maximum of one year in jail and a \$1,000 fine or both. The change that's being proposed will bring this penalty in line with the penalty that's currently expressed in the Uniform Motor Vehicle Records Disclosure Act, which is the overall act that governs the release of information contained in DMV data bases. Additionally, the bill removes the language that provides for a summary dismissal of an offending employee. This change will allow an employee access to the appropriate level of due process associated with termination of employment. Senators, I'll be happy to answer any questions you have. I think I can also provide some clarification of some things that have been said relative to access to digital images and signatures, if you'd like me to do that, relating to the previous bill. [LB372]

SENATOR FISCHER: We'll see what the questions are first. [LB372]

BEVERLY NETH: Very good. [LB372]

SENATOR FISCHER: Thank you, Director. Are there questions? Senator Stuthman. [LB372]

SENATOR STUTHMAN: Thank you, Senator Fischer. Director Neth, thank you for testifying. In some of the bills that we've been dealing with we've changed the wordage from "law enforcement officer" to "peace officer." [LB372]

BEVERLY NETH: Um-hum. [LB372]

SENATOR STUTHMAN: Should this be done or does this make any difference? [LB372]

BEVERLY NETH: You know, Senator Stuthman, with respect to this particular bill, the history on the interpretation of what a law enforcement agency is, we really look to the definition of law enforcement agency in the Crime Commission statutes. That is where we determined what a law enforcement agency is. Granted, that is a narrowly tailored definition of a law enforcement agency. It doesn't include some of what people think of as normally as law enforcement agencies. With the words like "peace officer," I'm not sure where that's defined. We've tried to stay with things like "certified law enforcement officer." So that has a level of definition to it. Meaning they've been certified in training, handgun use, all kinds of things. And they actually have...I believe they have a number assigned to them as a law enforcement officer. I'm not sure if "peace officer" has that same kind of statutory connotation that "certified law enforcement" does. [LB372]

SENATOR STUTHMAN: And the reason I ask that question, Director Neth, is because, you know, just on the top of my mind, you know, we did deal with changing some of the "law enforcement officer" to "peace officer." And I just recall in one of the amendments I was working on the last couple of days, you know, we struck the "law enforcement" and

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put "peace officer" in. So, I just, I mean, it just came to my mind and I was just wondering if we're doing something right and I respect you with the agency part of it, ... [LB372]

BEVERLY NETH: Um-hum. [LB372]

SENATOR STUTHMAN: ...then I feel it should stay the way we got. [LB372]

BEVERLY NETH: Yeah. I certainly...I don't know if "peace officer" is broader than "certified law enforcement" or not. For our purposes and for the purposes of access to the images through the Nebraska Crime Commission and Justice Information System, we've relied upon that being "law enforcement agencies and certified law enforcement officers within those agencies." Both of those entities have identifying ID numbers. Whether...a law enforcement agency has an ID number and the officer has an ID number. Those are two triggers for access to online driver license images and signatures. And those are kind of key how you get into NCJIS. That's part of the restrictions that some of the federal agencies are seeing is those officers don't have the right key numbers to get into the system. And they're not technically a law enforcement agency as defined by Nebraska statute. So there are a couple of different things at play there. [LB372]

SENATOR STUTHMAN: Okay, thank you, Director. [LB372]

BEVERLY NETH: Um-hum. [LB372]

SENATOR FISCHER: Other questions? Senator Hadley. [LB372]

SENATOR HADLEY: Senator Fischer. Director Neth, to your knowledge has anyone been prosecuted for a Class IV felony? [LB372]

BEVERLY NETH: No. The department...no one in the department has ever been prosecuted for knowingly allowing the release of the images. And to my knowledge, no one beyond the Department of Motor Vehicles has been prosecuted either. [LB372]

SENATOR FISCHER: Other questions? Senator Louden. [LB372]

SENATOR LOUDEN: Yeah. Thank you, Senator Fischer. As you heard the testimony before, Director Neth, do some of these agencies already have the authority to get these drivers license and the pictures or whatever? Is...his contention was he couldn't always get the pictures or something. I was wondering if that's an issue? [LB372]

BEVERLY NETH: I believe he's correct. Primarily because, Senator, as we've defined law enforcement agency we looked to the Crime Commission statutes for the definition

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of a law enforcement agency. That is a very narrowly tailored definition, it really is State Patrol, sheriffs, local law enforcement. It's not even the entity as we think of as the number one law enforcement agency in the state, which is the Attorney General's Office, he really is the top law enforcement officer. That's not included in that definition. So agencies like the IRS or the Postal Service would not be included in the definition of a law enforcement agency. Certified law enforcement officers who might be assigned to that civil agency would not have access to the photos, which is what you're going to hear today from the Fire Marshal's Office. They're technically not law enforcement under that Crime Commission definition. And so the "certified law enforcement officers" who work within the Fire Marshal's Office cannot have access to the photos. Same thing holds true for insurance and Department of Revenue. All of these state agencies have certified law enforcement officers but they're technically not law enforcement agencies. [LB372]

SENATOR LOUDEN: Now do they need that information? Do they need to have this picture of you just because you put on a drivers license now does that necessarily mean that they have to have it for their investigation? [LB372]

BEVERLY NETH: Well, I can speak for how we would use the photos, how our law enforcement officers inside the DMV would use the photo. Many times when we're doing an investigation of someone who's committing maybe driver licensing fraud or titling fraud or motor vehicle fraud, that investigation would be done, for the most part, in at least from the beginning in kind of an undercover fashion. You would want to identify the individual. Having access to their driver license photo does allow you to at least identify the individual who may be lives at the address you think they do or works at a particular location. I know you're going to hear from the State Fire Marshal. I'm sure he can talk about how they would use those photos in their day to day-to-day activities, maybe investigation of arson or whatever the case may be. [LB372]

SENATOR LOUDEN: Now my next question is, are most all those photos that good that you can recognize somebody after three or four years or next week or something like that? [LB372]

BEVERLY NETH: (Laugh) Well, we certainly try. I think for the most part the driver license photos are a fairly close representation of the individual. [LB372]

SENATOR LOUDEN: Okay. Because I'm wondering why the IRS, you know, has to have that information. Because every time you allow someone to have that information, I mean, this is going to be your national ID. Why, this is where it goes. And I wondered why the IRS or some of those agencies actually need that? [LB372]

BEVERLY NETH: The only thing I know is I do have a sister who works for the IRS and she does clearly talk about the collections side of the IRS from time to time. I think it can

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be both dangerous and it can be...it's a very important part of what IRS does. And so having that person identified prior to contact with them, I think, certainly is helpful for certified law enforcement officers. I would support what Mr. Kasun said about the language in the existing bill, it's pretty broad. To tailor that to "certified law enforcement officers within federal civil agencies" seems to make sense. When you go so far as to say "support staff," I don't know that they're going to have the correct identifying information to access those photos through NCJIS. So it may be a combination of who really does have access. [LB372]

SENATOR LOUDEN: Okay, thank you. [LB372]

BEVERLY NETH: Um-hum. [LB372]

SENATOR FISCHER: Other questions? Thank you, Director Neth, for being here. I had a couple questions. You addressed one of them on the support staff. You didn't come up on the last bill to testify, but I would assume you don't see a problem with it except maybe his suggestion of support staff. [LB372]

BEVERLY NETH: I believe that the language that was offered today is probably more appropriate. It was very broad the way the bill was first drafted to saying "federal civil agencies" could have access to the photos. That's certainly broader than how we're using them inside the state. And so to tailor that would be...would seem to fall in line with what we're doing with this bill. [LB372]

SENATOR FISCHER: Currently, does support staff in the state of Nebraska have access to pictures with our investigative agencies? [LB372]

BEVERLY NETH: I am not aware of how those photos are used within law enforcement agencies once their access is granted. I'm sure it's clipped into a file. Internally, in the DMV, obviously, we all...anybody who has access to the system has access to that photo, but we're governed not only by this law but we're governed by our other statutory requirements as well. [LB372]

SENATOR FISCHER: On page 2 of the bill, line 23, would it be possible to combine these two bills, the previous one with this one if we said "employed in an investigative position by a state or federal agency?" [LB372]

BEVERLY NETH: I think that would make sense. [LB372]

SENATOR FISCHER: Would you have an objection to combine...trying to combine the two bills by doing that? [LB372]

BEVERLY NETH: I don't think that would fly in the face of the intent of LB372, no.

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[LB372]

SENATOR FISCHER: Okay. Thank you. Other questions? I see none, thank you very much. [LB372]

BEVERLY NETH: Thank you. [LB372]

SENATOR FISCHER: Next proponent, please. Good afternoon. [LB372]

JOHN FALGIONE: Good afternoon, Senator Fischer. Chairman Fischer and members of the Transportation and Telecommunications Committee, for the record, I am State Fire Marshal John Falgione, J-o-h-n F-a-l-g-i-o-n-e. And I'm here to testify in support of LB372. I want to thank the Motor Vehicle Department for working with my office on this issue and to thank Senator Campbell for sponsoring this bill. Under Nebraska Statute 81-502, Section (a), the State Fire Marshal's Office is charged to "(a) Enforce all laws of the state relating to the suppression of arson and investigation of the cause, origin and circumstances of fires." In order to carry out this function my office has an Investigation Division which is staffed by seven investigators and managed by a chief investigator. All of these investigators are certified law enforcement officers and received a gubernatorial appointment as a Special Deputy State Sheriff. The ability to visually identify persons of interest and suspects is vital in order to both conduct investigations and to ensure officer safety. Since there are only seven fire marshal investigators, each one covers a large district within the state. As a result, the investigators are often called to locations that are unfamiliar and deal with people whom they have never met. Often the investigators are given the names of individuals who may be involved in the fire. There may be no other information available on these persons besides their names and a very general description. Having access to the digital image taken by the DMV will allow the investigators to more efficiently conduct their investigations and help ensure that they are not deceived when trying to contact persons they need to interview. LB372 will allow the fire marshal investigators to have the same access to the DMV digital images that is already granted to other law enforcement agencies within the state. This will allow the fire marshal investigators to be more efficient when conducting their investigations which will be a benefit to the citizens of the state as well as helping to ensure that investigators maintain a high level of officer safety. Thank you for your time and opportunity to testify in support of LB372. And I'll be happy to try to answer any questions that you might have. [LB372]

SENATOR FISCHER: Thank you, sir. [LB372]

JOHN FALGIONE: Thank you. [LB372]

SENATOR FISCHER: Are there any questions? Senator Hadley. [LB372]

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SENATOR HADLEY: Senator Fischer. Thank you, sir. Just a...probably more for my own information. Can a certified law enforcement officer employed in an investigative position by a state agency, do you have arrest privileges? [LB372]

JOHN FALGIONE: Yes, sir, we have... [LB372]

SENATOR HADLEY: I don't know if privilege is the right term? [LB372]

JOHN FALGIONE: The...our officers, as they are Deputy State Sheriff's, they have arrest authority in the entire boundary of the state of Nebraska. [LB372]

SENATOR FISCHER: Other questions? I see none, thank you very much. [LB372]

JOHN FALGIONE: Thank you very much. [LB372]

SENATOR FISCHER: Next proponent, please. Good afternoon. [LB372]

ERIC DUNNING: Good afternoon, Senator. For the record, my name is Eric E-r-i-c, Dunning D-u-n-n-i-n-g. I'm here on behalf of Director Frohman who was unfortunately called away at the last minute and so is unable to be here with you. I'm here to testify in support of LB372. The department's Insurance Fraud Prevention Division conducts criminal investigations of insurance fraud. Our investigators are required to locate, interview, interrogate and sometimes take into custody persons suspected of committing insurance related crimes. Access to the drivers license digital photographs would significantly improve our investigator's ability to safely identify suspects of insurance fraud. The insurance fraud investigators are fully certified law enforcement officers. They use undercover motor vehicle license plates and carry weapons because they sometimes face dangerous persons. While insurance fraud at one time was considered white collar crime, we now know that 60 percent of perpetrators have criminal backgrounds, sometimes quite serious ones. Access to digital photographs will allow our investigators to mitigate some of the inherent risk and provide an important tool for identification during the course of investigations. The department asks that you advance LB372. Thank you again for your consideration. And I'm happy to answer any questions that may arise. [LB372]

SENATOR FISCHER: Thank you, Mr. Dunning. Are there questions? I see none. Thank you very much. Other proponents for the bill, please. Are there any opponents to the bill? Anyone wishing to testify in a neutral capacity? Senator Campbell, would you like to close? [LB372]

SENATOR CAMPBELL: I'll waive. [LB372]

SENATOR FISCHER: Senator Campbell waives closing. And with that, I will close the

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hearing on LB372 and open the hearing on LB543. And we are checking on the kind of glue odor that's coming in to the room here. So we'll find out what that is. Good afternoon, Senator Campbell. [LB372]

SENATOR CAMPBELL: Thank you, Chairman Fischer and members of the Transportation and Telecommunications Committee. I will open on LB543. This bill was requested by the city of Lincoln. Several years ago, the city experienced a rather protracted and difficult process in obtaining new fire trucks. This experience brought into question whether the city needed to deal directly with manufacturers of specialty vehicles. Today, you'll hear from the city the reasoning for their requested bill and you'll also hear from the industry why the remedy may or may not be necessary. I appreciate the efforts of both the proponents and the opponents in framing this discussion today. LB543 creates a new definition of specialty vehicle under the motor vehicle industry licensing terms and exempts a manufacturer or dealer from the licensing requirement when selling such vehicle directly to a city of the primary or metropolitan class. The bill adds a definition of specialty vehicle to mean one which has a gross vehicle weight greater than 8,500 pounds and is generally sold to a political subdivision in the performance of its governmental functions. Specialty vehicles include a fire truck, ladder truck, fire pump truck, street sweeper, ambulance, hazard materials vehicle, and motor command...mobile command vehicle. The bill amends statute 60-1403.01 to exempt a manufacturer, factory representative, distributor, dealer or sales person from the licensing requirement when he or she is responding to a bid request or order for a specialty vehicle from Omaha or Lincoln or Douglas or Lancaster Counties. I would encourage my colleagues on the committee today, the people who are going to testify behind me certainly are the experts and the reason for the bill from the city of Lincoln and other people who will testify. So I would highly encourage your questions at that point. Probably they have better expertise than I. Thank you, Madam Chairman for allowing me to introduce the bill. [LB543]

SENATOR FISCHER: Thank you, Senator Campbell. Are there questions? I see none. Thank you very much. [LB543]

SENATOR CAMPBELL: Thank you. [LB543]

SENATOR FISCHER: Could I have a show of hands, please, of everyone who wants to testify on this bill. One, two, three, four, five, six, seven, eight, nine, ten, eleven. We are going to use the light system on this and you'll have three minutes to testify. So could I have the first proponent step forward, please. Good afternoon. [LB543]

DON HERZ: (Exhibit 4) Good afternoon, Senator Fischer and members of the Transportation and Telecommunications Committee. My name is Don Herz. The last name is spelled H-e-r-z. And I'm the finance director for the city of Lincoln. I'm here today in support of LB543. I would like to thank Senator Campbell for introducing this bill

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at the request of the city of Lincoln. First, I would like to explain what the bill attempts to accomplish. Section 1 of the bill which amends 60-1401.02 of the current law provides a new definition for specialty vehicles. On the bottom of page 12, starting with line 21, these vehicles are defined as those with a gross vehicle weight greater than 8,500 pounds that are sold to political subdivisions, i.e., cities, for use in governmental functions. Specialty vehicles would include among other things fire trucks, ladder trucks, fire pumper trucks, street sweepers, ambulances, hazardous materials vehicles and mobile command vehicles. This definition does not include the bulk of our vehicles purchased, such as police cruisers and other lightweight vehicles, such as heavy equipment, including dump trucks, pickup trucks and vans, etcetera. Under existing law, an entity that is selling cities these type of vehicles must be licensed as a motor vehicle dealer here in Nebraska. Section 2 of the bill amends 60-1403.01 of the existing law, exempts sellers from that requirement when the seller is responding to a request for bids, a purchase order or a cooperative purchasing arrangement. This exemption would apply only to Lincoln and Omaha, Douglas and Lancaster Counties. Next I would like to provide some history that has led us to asking Senator Campbell to introduce this bill. The city of Lincoln has continually...continuously had difficulties finding licensed Nebraska dealers that sell these sort of specialty vehicles. Sometimes there are no licensed dealers that can meet our specifications. For other items, we have had only one or two licensed dealers which does not offer the level of competition we prefer when making significant taxpayer investment in this type of equipment. Some of these individual pieces of equipment can cost more than \$200,000 per item. When we began drafting...the drafting process for the bill, the city contacted Loy Todd, lobbyist for the Nebraska New Car Dealers Association, and sought his input. Although we ultimately have been able to reach a compromise with his group...we have been able to reach a compromise with this group on this issue, we have certainly appreciated his comments...and I should say not able to reach a compromise. At his suggestion, we define specialty vehicles by reference to the gross weight of the vehicle. We also limited the bill to Lincoln, Omaha, Lancaster and Douglas Counties. Here in Lincoln, the City-County Purchasing Office is combined, and that is also the case in Omaha and Douglas County. Again, I mention this only by way of background, as I understand that Mr. Todd and his organization continue to have concerns with the bill. With respect to fire trucks, the city of Lincoln anticipates having to purchase a number of pumper and ladder trucks for our fire department in the near future. During the past ten years, the city has attempted to purchase pumper trucks on two occasions. On these occasions there were only two or three licensed dealers here in Nebraska that sold fire trucks, despite our efforts to encourage more dealer participation. Now based on information from Mr. Bill Jackson with the Motor Vehicle Industry Licensing Board, it appears that there may be as many as seven dealers. However, our experience is that the number tends to fluctuate fairly regularly. While there may be seven now, we could very well be back to one or two by the time we are in the market to purchase fire trucks again. The city of Lincoln anticipates having to replace a number of our ambulances in the next few years. According to Mr. Jackson's information... [LB543]

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SENATOR FISCHER: I'm going to have to stop you at this point. [LB543]

DON HERZ: (Exhibit 2) Okay. I have a handout. Can I just reference that? [LB543]

SENATOR FISCHER: Certainly. [LB543]

DON HERZ: Our Fire Chief, Niles Ford, had intended to testify today. Unfortunately, he is out of town. Mr. Ford has significant experience with purchasing this type of equipment in Georgia and Alabama where the bill permits this type of transaction. I would like to submit to the committee a letter from Mr. Ford that he has prepared that describes his experience with those situations. And be glad to answer any questions. [LB543]

SENATOR FISCHER: Thank you, Mr. Herz. Are there questions? Senator Hadley. [LB543]

SENATOR HADLEY: Mr. Herz, I guess I always...would you help me out again on why it would be Lincoln, Omaha, Douglas or Lancaster County because I guess I always get a little bit wrought. And if you would have said it was North Platte, Kearney, Hastings, and Grand Island I would have the same concerns. Why do we pick four governmental subdivisions that the bill impacts? [LB543]

DON HERZ: You know I think that was perhaps a compromise as we were drafting the bill. But I certainly think that if the committee felt that this were a worthy bill that, you know, it certainly could apply to any of the other cities that may have a similar issue to what we're having. [LB543]

SENATOR FISCHER: Other questions? Senator Stuthman. [LB543]

SENATOR STUTHMAN: Thank you, Senator Fischer. I also have a concern on the issue that Senator Hadley had, you know. In my opinion if you're going to have it just for Omaha and Lincoln, those cities of that class, you're including the counties also. You got a lot of communities out in the county. That's just like my community out in the rural area. I mean that's an issue of mine. And I don't know if you can tell me why you included the county part of it and not then the community that's right outside of the county line too. I mean why did you draw that line there? [LB543]

DON HERZ: You know, again, I think as I had mentioned to Senator Hadley, I think that was part of the compromise. But certainly, if, you know, the committee feels that this is beneficial to other communities, you know, we would not be opposed to that. [LB543]

SENATOR STUTHMAN: One other question that I have. You know, the 8,500 pound

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limit on that, you know, I still don't understand what the major problem was? You couldn't get enough to people to bid on your fire trucks or what was the real issue? [LB543]

DON HERZ: Well, that was specific to the fire trucks. But we've had other, you know, other specialty vehicles where we've had difficulty getting what I would deem to be sufficient bids, in other words competition. And so we...the 8,500 pounds we settled on that because, you know, we generally have...don't have the problem with our police cruisers and our vans and those type of things. So it was those larger vehicles and specific vehicles that we're having the more difficulty with. [LB543]

SENATOR STUTHMAN: But was it an issue of the ones that you had hoped to bid on, bid on those vehicles did not submit a bid and you're trying to put a bill in here that would open it up more or, you know, maybe the people didn't want to bid on it. Maybe there's problem with the bidding or the specs. [LB543]

DON HERZ: And that could be, but I think, you know, the fact is if we're not getting sufficient numbers of bids, you know, we were concerned that we may be paying too much. And, of course, if we don't get any bids how do we, you know, how do we procure that piece of equipment? [LB543]

SENATOR STUTHMAN: Okay, thank you. [LB543]

SENATOR FISCHER: Senator Janssen. [LB543]

SENATOR JANSSEN: Thank you, Senator Fischer. I have a couple questions here. And I'm glad the few remaining colleagues that are here noted the point that it's certain counties that are involved. I've had just the opposite view. I had hoped that no counties would be involved in this. From my perspective I wouldn't see this as a benefit at all. I guess I'm trying to stretch it why we're trying to create an unlevel playing field for Nebraska-based businesses, three of which I can get you in my truck and drive you up to Dodge County and put you in touch with and probably get you bids back today if you have realistic specifications. Why do we feel, at least I do, maybe you can answer, don't you feel this gives out of state companies an unfair advantage over our instate hard working Nebraskans? [LB543]

DON HERZ: Well, to respond to that, I mean, we've had occasions where we simply have not got...received what we think is a sufficient number of bids. And I think if you only get two or three bids, you know, you may question whether or not you're getting a broad enough...enough bids to make certain that you're getting the lowest bid. And of course we have a responsibility to our taxpayers to get, you know, the best and the lowest bids that we can. So I think that's really what we're attempting to do here is to protect our taxpayer and obtain the best bid we can. [LB543]

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SENATOR JANSSEN: So the best way, in your opinion, to protect the taxpayers is to create an unlevel playing field for the Nebraskans? Because right now you can still get your bids. You can still go out of the state and get your bids. It's my understanding that current law you can do that, you did it. I'm just curious why you don't think out of state people should have to pay to be licensed in Nebraska? [LB543]

DON HERZ: I think that if this bill were passed I think it would be a level playing field that anyone could bid on our particular, you know if we put a bid out, anyone, whether it be in Nebraska or out of Nebraska, could bid on that particular... [LB543]

SENATOR JANSSEN: Can't they currently bid on it? Didn't they bid on your fire trucks that you had a few years ago? [LB543]

DON HERZ: We were restricted to just dealers within the state of Nebraska. [LB543]

SENATOR JANSSEN: You were restricted just to Nebraska. [LB543]

DON HERZ: That's what the bill, I mean, that's what the current law as we interpret... [LB543]

SENATOR JANSSEN: Where did you get your last fire trucks from? [LB543]

DON HERZ: Lincoln, Nebraska. [LB543]

SENATOR JANSSEN: How did that go? [LB543]

DON HERZ: Not too well. [LB543]

SENATOR JANSSEN: Okay, thank you. [LB543]

SENATOR FISCHER: Other questions? Senator Hadley. [LB543]

SENATOR HADLEY: Yeah, I have to ask. Does this in anyway have anything...I don't have a real good memory but I just remember Lincoln having problem with quality with trucks and such. This bill has nothing to do with that? [LB543]

DON HERZ: You know it really doesn't. But it does point out the fact that since we did have limited under, you know, perhaps that maybe led to some of the problems. But really this bill has nothing to do with that specifically, with the problems that we had with those trucks. [LB543]

SENATOR FISCHER: Other questions? Can you tell me how you handle your bidding

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process. Do you publish what the specs are, do you send them out to dealers? How does that work? [LB543]

DON HERZ: Yes. The...for a fire truck it's a very, very time consuming process for us to write the specs, and that really is what takes a lot of time. And then those specs then are sent out and bid publicly. Anyone can look at those and bid on those. [LB543]

SENATOR FISCHER: But how do you do them? Do you have them online, do you put an ad in the paper? Do you send them to dealers? How do you do it? [LB543]

DON HERZ: I think we have moved primarily to an electronic bidding process. But we will send out notification to everybody that we know that we've got a major bid coming up and make sure that they're aware that this opportunity is coming forward. [LB543]

SENATOR FISCHER: On the...I think it was the fire trucks you said you had two bids on, is that right or... [LB543]

DON HERZ: I think we had three. [LB543]

SENATOR FISCHER: Oh, three bids. [LB543]

DON HERZ: The last one, I'm not familiar with the first one. I wasn't here then. [LB543]

SENATOR FISCHER: Okay. On the last one where you three bids then, how many of your specs did you send out to dealers in Nebraska specifically? How many did you contact the dealer and say, do you want to bid on this? [LB543]

DON HERZ: At the time I think that there were just the three. [LB543]

SENATOR FISCHER: So you sent it out to all three and they all three put in bids for it. [LB543]

DON HERZ: Correct. [LB543]

SENATOR FISCHER: In other states, I guess I'm wondering where you're looking to, to find bids from, Iowa probably, where were you looking? [LB543]

DON HERZ: Well, wherever there is a manufacturer that... [LB543]

SENATOR FISCHER: So you're not even...you're not thinking maybe neighboring states, just this would be like a nationwide deal, where Lincoln would send out specs nationwide? [LB543]

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DON HERZ: If there is a specialty vehicle and we know that there are manufacturers and we know who those are we would attempt to get a bid from as many of those as we can again to try and find the best price and the best value for our taxpayers. [LB543]

SENATOR FISCHER: Okay, thank you. Other questions? Senator Janssen. [LB543]

SENATOR JANSSEN: I just had a clarification. You said you got your...I'm sorry, I should have asked this last time. The last dealer you dealt with was out of Lincoln. Is that...on your fire truck purchase. Did you... [LB543]

DON HERZ: No, I think the last transaction that we did was a Lincoln dealer. [LB543]

SENATOR JANSSEN: Okay, what the...the manufacturer was based out of... [LB543]

DON HERZ: The manufacturer, I believe, was in Florida, but the dealer was here in Lincoln. [LB543]

SENATOR JANSSEN: Okay. So you can currently have manufacturers from other states come in and... [LB543]

DON HERZ: Yes. [LB543]

SENATOR JANSSEN: Okay. That was a clarification. One thing with...when you're talking about looking out for the Nebraska taxpayers, I think if we let out a bid and the dealer, say, uses something up in, I don't know I'll pull it off the top of my head, Snyder that the local tax base and the taxpayer would probably benefit because then we have income tax being generated throughout the state. So there is another benefit there to that. [LB543]

DON HERZ: I won't disagree with that. [LB543]

SENATOR JANSSEN: Thank you very much. [LB543]

SENATOR FISCHER: Any other questions? I see none. Thank you very much for being here today. [LB543]

DON HERZ: Thank you. [LB543]

SENATOR FISCHER: Next proponent, please. Good afternoon. [LB543]

LYNN REX: Good afternoon, Senator Fischer, members of the committee. My name is Lynn Rex, L-y-n-n R-e-x, representing the League of Nebraska Municipalities. We are here this afternoon in strong support of this measure. We'd like to thank Senator

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Campbell for introducing it. My purpose in testifying today in support of this is because I think it is important that the committee understand this is not just a Lincoln issue. You know the bill as drafted, as originally drafted does apply just to Lincoln, Omaha, Douglas and Lancaster Counties. We certainly do not want to do anything that would impede passage of this bill. And my guess is in future years we will back before you to request this for other municipalities because this is a statewide issue. We have a number of municipalities across the state that, frankly, are not in a position to buy new equipment but they're buying equipment from each other. To that end, this bill doesn't have a direct play in that. But I do think it's important to understand that for those municipalities that are fortunate enough to buy new equipment that they're in a position where this is equipment they're going to have for maybe 20, 30 years perhaps. So I do want to encourage the committee to look favorably on this bill. I do think that there's always a balancing test, Senator Janssen, between what you do in terms of purchases that are deemed to be local to the extent anything is local anymore versus saving taxpayer dollars. And most of our city officials will always fall down on the side of trying to do their best to save taxpayer dollars. And where they can do that locally they do it but they're going to save taxpayer dollars. So if there's a significant difference they're going to go with someone that is outside the state. With that, I would be happy to answer any questions you have. But again thanks, Senator Campbell, for introducing this measure and recognize that it is a statewide issue. [LB543]

SENATOR FISCHER: Thank you, Ms. Rex. Are there questions? Senator Stuthman. [LB543]

SENATOR STUTHMAN: Thank you, Senator Fischer. Ms. Rex, you've been emphasizing, you know, saving taxpayer dollars. And I support that part of it. But I always say that there's underlying issue also that if you're saving taxpayer dollars and you're continually buying out of state and you're going to eliminate, let's just say, you know, Smeal Manufacturing up at Dodge, and you don't buy any of their equipment. And then, you know, I feel that even if it costs a little bit more to buy instate, it's very, very important. I mean, because you're keeping those people in the workforce, you're helping these small communities. But if you continually buy something from Florida or someone like that, yes, there's a dealer here, but that one person is only profiting. And I deal with the issue of, you know, if we can continue to help the businesses and support the businesses in Nebraska with our taxpayer dollars I think that's very, very important. [LB543]

LYNN REX: And, Senator, I think that point is well taken. But there is...I don't know where the line in the sand is, but there is a point where maybe it costs a little bit more, as you said, you go local even though it costs a little bit more. But if it is significant dollars, believe me, citizens will not be happy campers if in fact they find out that you did not take a bid that was significantly lower. [LB543]

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SENATOR STUTHMAN: But that also, Ms. Rex, also depends on the service agreement that you get with the product... [LB543]

LYNN REX: That's true. [LB543]

SENATOR STUTHMAN: ...if you got to wait for somebody to come out of Alabama to service your fire truck or parts to come out of Alabama or you can get them the same day from Smeal equipment at Dodge, I think that's very important. [LB543]

LYNN REX: That's an excellent point, absolutely. It's an excellent point. [LB543]

SENATOR FISCHER: Senator Janssen. [LB543]

SENATOR JANSSEN: Thank you, Senator Fischer. Ms. Rex, I'm just kind of reading the bill summary here. I just wanted a clarification. It says, amongst other things, and exempts a manufacturer or dealer from the licensing requirement when selling such vehicle directly to a city of the primary or metropolitan class, Lincoln, Omaha, Lancaster, Douglas County. So is that an out of state manufacturer/dealer that we're talking about, it exempts them, because in this...I'm looking for clarification on this. And maybe somebody coming behind you can answer it. Currently, are the manufacturers, dealers in Nebraska required to be licensed when selling vehicles? [LB543]

LYNN REX: Yes. If you turn to page 13, on line 13 actually, so page 13, line 13, and I'll defer to those that are the primary introducers of this measure. But certainly this is an amendment to 60-1403.01. And if you look to line 18 on page 13, it says, "without being licensed by the board." So basically, this is a state license. [LB543]

SENATOR JANSSEN: Okay. So from that I take that we're requiring...this is where I come with the unfair playing field and (inaudible). We're requiring Nebraska-based companies to do this extra step of becoming licensed and we're not requiring, say, somebody from Tennessee from becoming licensed. Is that correct? We're exempting them? [LB543]

LYNN REX: Well, that's how I would read this. [LB543]

SENATOR JANSSEN: That's how I would read it. [LB543]

LYNN REX: I mean, basically, what you're saying is this is creating...if you turn to page 14, line 10, it basically says, "This section shall not apply to" and it outlines what this is in terms of the "representatives, distributors, dealers, or salespersons that are responding to a request for bids, a purchase order, or a cooperative purchasing arrangement regarding a specialty vehicle" as defined under this act, which is on page 12 of the bill. [LB543]

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SENATOR JANSSEN: So if I look at the fiscal note, which is \$11,640, that is showing a loss of \$11,640. It says, "The Motor Vehicle Industry Licensing Board indicates there will be an annual reduction in licensing fees received from such entities. The estimated loss of revenue" would be "\$11,640 of cash funds." Would it be my assumption that those are currently funds that are being paid from out of state companies to the Licensing Board? [LB543]

LYNN REX: I really can't tell you how...on the basis of that fiscal note. I'll find out for you, though, and get back to you. [LB543]

SENATOR JANSSEN: And maybe... [LB543]

LYNN REX: I don't know what that number... [LB543]

SENATOR JANSSEN: ...somebody else knows. It's...from reading the bill,... [LB543]

LYNN REX: Yeah, I don't know what that number represents. [LB543]

SENATOR JANSSEN: ...it sounds to me like currently state of Nebraska manufacturers and dealers are paying into this. And the only thing we're exempting would be out of state manufacturers and dealers. So...and I don't know. I draw the conclusion that based on that they're currently paying \$11,000 plus a year. And we can expect to no longer get that. That's kind of where I come with my unfair playing field for our local people on that. So thank you. [LB543]

LYNN REX: I don't know the answer but I'll find it for you. [LB543]

SENATOR JANSSEN: Thank you. [LB543]

LYNN REX: Yes, you're welcome. [LB543]

SENATOR FISCHER: Other questions? Senator Hadley. [LB543]

SENATOR HADLEY: Thanks, Senator Fischer. Ms. Rex, Senator Janssen kind of took away what I was going to ask you. Because it looks to me, reading it, all we're doing is changing the licensing requirement for Omaha, Lincoln, Lancaster, and Douglas County. If Kearney, Nebraska, wants to buy a fire truck, they have to deal through a licensed distributor. And I don't...to me that's not a fair playing field. Why...if it's good enough for Malcolm...is Malcolm, Nebraska, in Lancaster County? [LB543]

SENATOR CAMPBELL: It is. [LB543]

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SENATOR HADLEY: If Malcolm, Nebraska, decides to buy a new fire truck they're exempt or they don't have to deal through a licensed dealer, but Grand Island, Nebraska does. And, I guess, that just doesn't seem right to me. [LB543]

LYNN REX: Senator, and I may be misreading this and I would defer to Senator Campbell on her intent, but on page 14, the way that I read lines 14 and 15 is you're dealing with only the city of Lincoln, only with the city of Omaha or Lancaster County or Douglas County but not other municipalities within those counties. And she's shaking her head yes, so I think that's an accurate interpretation. I know one might be able to read this a little bit differently. [LB543]

SENATOR HADLEY: Oh, you're saying that it can't be to the townships or the cities but it's the county. [LB543]

LYNN REX: There are only four entities, as I understand it, that would be...that this bill would address. And that would be the city of Lincoln, the city of Omaha, Douglas County, and Lancaster County. [LB543]

SENATOR HADLEY: Well, I hope that...I assume we will hear from somebody that will talk about the licensing requirement and exactly what that is and, you know, what the advantages of having a license (inaudible) is. Thank you. [LB543]

LYNN REX: Okay. Very good, thank you. [LB543]

SENATOR FISCHER: And I hope that Malcolm, Nebraska, won't be angry now if...that they aren't covered under this. [LB543]

SENATOR HADLEY: Sorry if I...if they can't get a fire truck for Malcolm. I didn't mean it from Malcolm. [LB543]

SENATOR FISCHER: Are there other questions? I see none. Thank you, Ms. Rex. [LB543]

LYNN REX: Thank you. [LB543]

SENATOR FISCHER: Next proponent, please. Good afternoon, Senator. [LB543]

DON WESELY: Hi, Chairman Fischer, members of the Transportation and Telecommunications Committee. I'm Don Wesely. I do represent the city of Lincoln but I'm actually wishing to testify as a former mayor of Lincoln. And tell you a personal experience with this and why this legislation is important. Before I do that though, Senator Janssen, you had some questions about who these dealers were, the licenses, where they came from. I do have a list and the total fees that are listed in this, and I

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could give you a copy of this. But it shows that these are individuals, these are dealers from Lincoln, Fremont, York, Snyder, Wausa, Omaha, York, Douglas, Superior, Omaha, and Sutton. And then they represent manufacturers some are Nebraska, some are not. So the thing to keep in mind is there's the dealer and then there's the manufacturer. This deals with the dealer...well, it's also manufacturers. But the dealers we dealt with in the past were from Nebraska. But sometimes the manufacturers were not, they were from somewhere else. And so...but the dealer is like the funnel that ends up being able to restrict what gets through in terms of what bids you get on RFPs. Let me give you an example. When I was mayor, we moved to change the ambulance service here and to have it run by the city versus having the private. There was a referendum on the proposal. It was passed in November. The plan had always been to take over in January, so we had very little time. So we didn't want to move forward with anything without the vote. The people would have been upset and we didn't want to do that. So we had to wait. And when the vote came in and we were able to move forward we let out the RFP immediately on ambulances. Well, we immediately had problems that were called to my attention. And I'll be specific, it was with a fellow by the name of Jeff Melon (phonetic), who had a company here called EDM, and they represented some out of state manufacturers. But he came in and threatened us, basically, that if we didn't use him because he was the only dealer registered who could provide us with ambulances, that he was going to take us to court and we weren't going to be able to get our ambulances in time to take over the service. So we had this chaotic situation where we had this transition that had to occur but the ambulances were a problem. And we ended up going forward, but we ended up paying more and getting less because we didn't have a competitive bid situation. And all of you in any capacity, whether it be on the county board or in the private sector, you want the best bang for the buck. And we didn't get it that time. We ended up doing fairly well. We didn't have the controversy that followed. And in the next administration with the fire truck issue, same person, same company, same problem. And from what I was told when I was mayor is that this guy has threatened suits before and has been willing to file suit and we had to take him seriously. So this restriction on requiring licensed dealers to be the only ones for these type of vehicles that are a very narrow part of the market has caused problems for years in the city of Lincoln. And from Lynn Rex's testimony, I think, could have provided the same sort of problems elsewhere. So whether or not this particular bill is the solution, I don't know. But there is a problem, I've seen it firsthand and we need to do something about it. And hopefully, working together we can figure out what that it. So I just wanted to share that with you. And be happy to answer questions. [LB543]

SENATOR FISCHER: Thank you, Senator Wesely. Are there questions? Senator Gay. [LB543]

SENATOR GAY: Thank you, Senator Fischer. So what other remedies were there besides a law change? Instead of this changing the law, what other remedies did you explore? Because it sounds to me like you were placed in a difficult situation. [LB543]

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DON WESELY: Well, it was... [LB543]

SENATOR GAY: What else were looking at then? [LB543]

DON WESELY: Well, we thought at the time, can we get somebody else, some other dealer. But because of the restrictions on how you had to apply and get licensed, it was so time consuming, we didn't have the time. So that route was blocked for us. Although I think there will be some testimony in opposition to this that now there's more dealers that are able to provide competition. And if there is that's great. But it certainly wasn't there back in 2001 I think it was. We...on the fire truck issue again, well, this person is going to end up...they'll...there's court action and I realize he's a bad egg. And many others are certainly not like that. But all I know is this law was used as a hammer to pound on us, to let basically a bad process go forward because it was less painful than the alternative of getting sued and not having the equipment you needed. So we struggled. We didn't come up with solutions. Maybe we'll hear some now in opposition. But back in the last few years we haven't seen any. [LB543]

SENATOR FISCHER: Other questions? Senator Stuthman. [LB543]

SENATOR STUTHMAN: Thank you, Senator Fischer. Mr. Wesely, if this issue is a major issue for the four entities, the two communities and the two counties, then why don't we make a statewide issue? [LB543]

DON WESELY: It's whatever you'd like to do. I mean we're open to that. But we know we've had a problem and I understand Omaha and Douglas County are interested in having this option as well. If others want it, I don't have any problem with that. But we were just going with where we knew there was a problem and something was necessary. [LB543]

SENATOR STUTHMAN: Would you be comfortable if we just had the Omaha and Lincoln and then not the counties, if we take the counties out? [LB543]

DON WESELY: Well, our purchasing is city/county and so that's why we included the county and we've worked with Lancaster County. So our purchasing department is a city/county entity, and that's why we thought... [LB543]

SENATOR STUTHMAN: But that only deals with Lincoln and the county, not the other communities in the county? [LB543]

DON WESELY: Right. [LB543]

SENATOR STUTHMAN: So the other communities are just like us out in the rural area

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then. [LB543]

DON WESELY: Yeah. I mean, we're not saying it shouldn't be for anybody else. We just came in with a smaller bill to show you our situation and ask for some help. [LB543]

SENATOR STUTHMAN: Okay, thank you. [LB543]

SENATOR FISCHER: Other questions? Senator Wesely, what does Omaha do? I don't know if Omaha is here to testify on this. Do they have the problems that Lincoln has had? Where do they get their ambulances from? [LB543]

DON WESELY: I don't know the answer to that. And it doesn't seem like they've had the problems that Lincoln has had because we've read about them here and it was horrible. The situation... [LB543]

SENATOR FISCHER: There was only one dealer, you said, at the time, one licensed dealer. Is that correct,... [LB543]

DON WESELY: Well, that's what he claimed. [LB543]

SENATOR FISCHER: ...when you were mayor. [LB543]

DON WESELY: That's what he claimed. And... [LB543]

SENATOR FISCHER: Well, I'm just wondering if Omaha had a problem with that, too, then and trying to get any ambulances what they did. Maybe that will be clarified if they come forward. [LB543]

DON WESELY: You know, I think this person was involved with the Omaha ambulances too. But I'm not clear about that. [LB543]

SENATOR FISCHER: And you don't know how many dealers there may be out there now that would be able to fulfill some of these RFPs. [LB543]

DON WESELY: I've heard there's more. I've heard there's more. If there is that's great and that would certainly be a solution. But in the past it wasn't the case so... [LB543]

SENATOR FISCHER: How many cities buy new fire trucks and new ambulances, do you have any idea? [LB543]

DON WESELY: Well, if...yeah, any city that's got a fire department is going to...and an ambulance... [LB543]

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SENATOR FISCHER: Buy new ones. [LB543]

DON WESELY: Buy new ones. [LB543]

SENATOR FISCHER: Buy new ones. [LB543]

DON WESELY: Well, at some point, fire trucks last quite awhile, so do ambulances. But you have to replace them at a certain point in time. [LB543]

SENATOR FISCHER: I guess I should have asked Ms. Rex that question. How many buy new, because they are very expensive. And most... [LB543]

DON WESELY: They're very expensive. [LB543]

SENATOR FISCHER: ...I know most small towns certainly don't buy new ones. And I would assume most of our other cities buy used ones too. [LB543]

DON WESELY: And that's a good point because when we buy new ones then a lot of times our used ones the smaller communities will pick them up at a good price. So that's one way to share a little bit of the resource. [LB543]

SENATOR FISCHER: Why do you sell them then if they can still be used? [LB543]

DON WESELY: Well, it gets to a point where they need to be... [LB543]

SENATOR FISCHER: You opened that one up. (Laugh) [LB543]

DON WESELY: Well, not necessarily. There's a reconditioning that needs to occur. And the feeling is that because of the heavy use in the larger city we should get a new one and then maybe lesser use, reconditioned they'll serve well in a smaller community. [LB543]

SENATOR FISCHER: And I know they are used here, I hear the sirens all the time. (Laugh) [LB543]

DON WESELY: Oh, yeah, me too. [LB543]

SENATOR FISCHER: Okay, thank you. Other questions? I see none. Thank you very much. [LB543]

DON WESELY: Okay, thank you. [LB543]

SENATOR FISCHER: Next proponent, please. Are there other proponents for the bill?

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Good afternoon. [LB543]

GARY LUND: (Exhibit 3) Good afternoon. Senator Fischer, members of the committee, my name is Gary Lund, L-u-n-d, with the city of Norfolk. I'm asking that the letter being passed around be entered into the record today. It's a letter of support. But after listening to testimony I'm not sure if that support has been negotiated away. The city of Norfolk, it sounds like I'm not on the list anymore. This was written by city attorney and our property manager who is a purchasing agent, neither of which could be here today. I'm more familiar with the problem we had, and this will probably not clarify anything for you. We had a problem with the purchase of sewer maintenance equipment. So in addition to fire trucks this affects sewer maintenance equipment. We had only two bids, one from Omaha and one from Iowa. And the one from Iowa was in question as to its legality because it wasn't a licensed Nebraska dealer. So our interest is getting the best bid for the people in the city of Norfolk. And we think the restrictions that are put on by requiring Nebraska licensed dealership is a restriction that is difficult to live with on the sewer maintenance equipment. The second paragraph of that letter also talks to the issue of coverage of the bill. The attorney asks that you...he said, I merely note that primary and metropolitan class cities are not the only municipalities that buy and utilize this sort of equipment. So our argument is that if this is a good argument for us, it's a good argument for the small communities as well. [LB543]

SENATOR FISCHER: Thank you, Mr. Lund. [LB543]

GARY LUND: Thank you. [LB543]

SENATOR FISCHER: Are there questions? Senator Stuthman. [LB543]

SENATOR STUTHMAN: Thank you, Senator Fischer. Mr. Lund, this bill won't effect Norfolk then, will it? [LB543]

GARY LUND: You'd have to tell me. It...when I...when this letter was written it was, I believe, primary and metropolitan and I believe that included Norfolk. Now does that...have we been excluded today? I don't know. As we read the bill initially it included first class cities. And that's what we're...we're in support of that. We think... [LB543]

SENATOR STUTHMAN: If it includes you. [LB543]

GARY LUND: Yes. [LB543]

SENATOR STUTHMAN: Okay, thank you. I wanted to clarify that. So... [LB543]

SENATOR FISCHER: Other questions? I see none. Thank you for coming down today. [LB543]

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GARY LUND: Thank you. [LB543]

SENATOR FISCHER: Appreciate it. Other proponents, please. Are there other proponents to the bill? Are there any opponents to the bill? Good afternoon, Mr. Todd. We heard your name mentioned previously. [LB543]

LOY TODD: Senator Fischer, members of the committee, my name is Loy Todd, L-o-y T-o-d-d-. I represent the Nebraska New Car and Truck Dealers Association. And, I guess, that's why I am going first because I got to hear my name too. I will say, first of all, Senator Campbell and I have been working to some extent on this bill in sort of a similar fashion I think. When I first became aware of this bill I was approached by the city of Lincoln regarding the proposal. When I first saw it, it was going to be metropolitan and primary only on the counties that were in them and asking me what our reaction to that would be. And I truly thank the city of Lincoln for sharing that with me and trying to include us in the discussion. And as you might suspect, representing the car and truck dealers, I pretty much know about cars and trucks, at least, you know, past was. And indicated to them at that time I thought it would be very problematic right at first blush because it wasn't limited in anyway. They could just buy cars, trucks, you know, anything that these cities wanted to buy without going through local and licensed dealers and manufacturers, losing the protections of Nebraska law and also bypassing probably all the taxation that could be involved in the whole process. So I indicated at that time that there would have to be some kind of limitation, whether it be weight or description or something in that regard. Because what was presented to me back then was we can't buy ambulances, basically that's we can't buy ambulances. And I thought, well, okay, if there's a problem, if there isn't a supplier, there aren't bidders out there, let's fix it, let's find out what it is and let's not let the law get in the way. So that's where the 18 or the 8,500 pounds came in was to eliminate cars and trucks. And then we sort of started surveying. I surveyed my membership, I said, how many of you are doing this. I contacted the licensing board to see how many they had. And as I continued to explore this I found that there were over 30 manufacturers licensed in the state of Nebraska, found that there were at least eight dealerships licensed in the state of Nebraska. And went down the line, tried to find out where the problem was. Well, it's become apparent to me that the problem simply is Lincoln wants to do it their way. And it would be nice not to be licensed and regulated. So that's kind of where it is. The licensing laws in Nebraska are not interfering with anything these people are trying to do. I see my time is almost up. But I will tell you this, we have designed this law to be as open as we possibly can. It is virtually nothing for an out of state manufacturer to find a dealer in the state of Nebraska to go through. It costs almost nothing. It's a \$400 fee, that's it, that's the biggest restriction that's out there. And any licensed dealer in the state can do this for any manufacturer. There are dealers who have eight and ten manufacturers they're licensed to sell for. The only restrictions out there is some people just don't want to have licensing. And of all people to object to licensing, the city of

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Lincoln? You have to have a license to have a cat in this town. You can't replace your dishwasher without a license and an inspection. The idea that having a licensed entity that's bonded and regulated by the state is an unfair burden? It's puzzling to us. I see I got a red light now. [LB543]

SENATOR FISCHER: Thank you, Mr. Todd. Are there questions? Senator Janssen. [LB543]

SENATOR JANSSEN: Can you explain more to me, I've been up here kind of talking about to me I can't get anybody to say it outright, I think I've got one here. This seems to be an unlevel playing field that we're pushing here. It seems that we have plenty of dealers and manufacturers right here in our state. And it's almost like going across state lines to buy a cob of corn, in my opinion. Explain to me if you think there's an unfair advantage to out of state manufacturers. [LB543]

LOY TODD: Well, I think there's a significant unfair advantage if this bill were to pass. What you have now are entities who are in Nebraska, the manufacturers in your district and the dealers in your district or in my district are required by law to be licensed to sell trucks and to build them and to be a manufacturer in this state. You have to be licensed. Your presence is here, you're regulated by the Motor Vehicle Industry Licensing Board, that costs. Now the license is only \$400, that's not horrible. A dealer's license is only \$200, that's not horrible but it is money. And not only that, you have to have a bond is you're a dealer, you post a \$50,000 bond. You are subject to our warranty laws, you are subject to our other regulatory laws. You have to appear before the licensing board if you sin. In fact, the puzzle to me, and it's an extreme burden, the dealer that people have been complaining about, you know, once they went to the licensing board to complain about him he lost his license, it was taken away. I don't know how we do that with an unlicensed, unregulated entity that slips into the state, drops off a fire truck or ambulance and goes away again. The other unfair burden, and this is substantial, when you do business in this state you are subject to income tax laws. You come in here, your...our Department of Revenue knows about you, they can track you down and you pay income tax on those \$200,000 vehicles or those \$1 million vehicles and those vehicles that you sell in this state. You get to file a Nebraska tax return if you are a Nebraska manufacturer or dealer and you pay income tax and so do your employees. Somebody coming in from Florida without the requirement of going through any Nebraska dealer, whoever knows about them? Who finds out? I don't know where that would come from. But if they're required to come in here and get a license to report in, go through our regulatory agencies, now our Department of Revenue knows about you and you get to file an income tax return in the state of Nebraska for the income that you made here. And so it's a substantial unfair playing field. And I'm sorry, the one thing is the discussion about Lincoln and Omaha and the narrowing of that bill had nothing to do with me or my organization in anyway. It came to me as Lincoln and Omaha. I assume because in earlier discussions at least the city of Lincoln thought they were so good at

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this that they just didn't need to be burdened by anybody else. I think that's where the narrowing came from, not so much...because I would think local businesses like yours would want to do business locally and would want to prefer local people. You know, you hear things like "buy the Big O," except for us, I guess is how that goes. I don't get it. [LB543]

SENATOR FISCHER: Did you have coffee for lunch? [LB543]

LOY TODD: Yes. [LB543]

SENATOR FISCHER: (Laugh) Other questions? Senator Louden. [LB543]

SENATOR LOUDEN: Yeah, I don't know whether to start this or not now. (Laughter) [LB543]

LOY TODD: Sorry, Senator. [LB543]

SENATOR LOUDEN: I guess, I need a little more explanation on this. If a dealer in Nebraska then has to be bonded and all that, and then if someone buys a vehicle off of them and then he's got to more or less defend that warranty or something like or he'll lose his license, is that what you're saying, something on that effect? [LB543]

LOY TODD: Certainly, there's both statutory requirements that they do that and also the threat of losing their license or being fined for failing to do so. [LB543]

SENATOR LOUDEN: Then if...well, like...the way I understand this bill you could actually buy a fire truck over the Internet? [LB543]

LOY TODD: Yes or go somewhere and buy one or do whatever you want to do. [LB543]

SENATOR LOUDEN: And then you wouldn't...if you bring it into your state then you got to work with that person, wherever they are, the state won't help you defend any warranty or anything like that, is that... [LB543]

LOY TODD: That's correct, the state would not be involved. [LB543]

SENATOR LOUDEN: Okay. What happened here with Lincoln here. I remember here a few years back down here they bought a fire truck and the guts fell out of it or something like that. I mean, it was...who lost their license over that? [LB543]

LOY TODD: The dealer that was...the dealer who was licensed in the state of Nebraska lost their license. [LB543]

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SENATOR LOUDEN: Over that? [LB543]

LOY TODD: Yes. [LB543]

SENATOR LOUDEN: That and the fire chief, huh. (Laugh) [LB543]

LOY TODD: Well, that was internal. I don't... [LB543]

SENATOR LOUDEN: Okay. That's what I'm wondering is, there's a certain amount of protection going with buying it with the dealer in there. Now they said then in some of this testimony, cost them \$11,000 for that protection. Is that...did it cost them that much to do that or what? [LB543]

LOY TODD: I believe, Senator, that the reference to the \$11,000 is how much licensing revenue would be lost by the cash agency...the industry licensing board if this bill passed and people were no longer required to have licenses if they came from another state. You can be a Florida manufacturer and get licensed in the state of Nebraska. You come and register, get licensed, reveal yourself, make yourself subject to Nebraska's laws. You can be a licensed manufacturer in the state, there are many that do that. Likewise, then the law requires you to go through a licensed dealer. And you can go through any licensed dealer. So the Florida manufacturer can come here, get licensed if they want to do business here, they can come here and work through...submit bids through a Nebraska licensed dealer. And that's any dealer. I mean we don't...this is as simple a law as I have seen around the country. So what the reference to \$11,000 was is how much licensing revenue would be lost by the state if this bill passed. [LB543]

SENATOR LOUDEN: Okay. Well, this one mentioned that they piggybacked on some outfit in Georgia to get their fire truck or something like that and saved some money. Did that...would that dealer then that was in Georgia, should he have come to Nebraska and got his license? I mean they still could have piggybacked it or did that happen or do you know? [LB543]

LOY TODD: The manufacturer could go through any Nebraska licensed dealer and submit that bid, the same way that they were doing it. That's all they'd have to do is go through any licensed Nebraska dealer under current law and they would have jurisdiction over them. And the dealer would be responsible for compliance with that, and forcing the person they're contracting with to comply with Nebraska law. Under this bill they don't have to do anything. The Georgia dealer could come in, operate without anybody knowing about them, sell the truck or ambulance or anything else. That's another thing, this bill doesn't restrict this to fire trucks, ambulance and pumper trucks. It says "including but not limited to," it absolutely does not restrict it to these emergency types of vehicles. [LB543]

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SENATOR LOUDEN: Okay, thank you. [LB543]

SENATOR FISCHER: Senator Hadley. [LB543]

SENATOR HADLEY: Thank you, Mr. Todd. The city of Norfolk has a letter which you probably haven't seen, but they did talk about these other speciality pieces of equipment and they talked about, what was it, sewer something...sewer jet machine. And they said it cost an \$11,000 premium in compliance with what we had the existing statutory scheme. Would it be possible that they are such a unique piece of equipment that there is not a dealer licensed in Nebraska and so consequently we're going to pay extra because some dealer needs...gets their share of the pie by just saying, I am...I've become a licensed dealer for this specialty piece of equipment. [LB543]

LOY TODD: I don't know. I suspect there isn't because that entity could go through any Nebraska licensed dealer. If someone wanted \$11,000 to do it they could go find someone to do it for \$2,000 or \$1,000 or \$500. And I can't...with the thousands of dealers in Nebraska right now standing there looking at the window, hoping you'll show up, I'm very confident they can find a dealer to go through, they don't have to spend \$11,000. And I apologize, I thought we were talking about the other \$11,000, Senator Louden's question. [LB543]

SENATOR HADLEY: Oh yeah, well there was just a...there was a quote of an \$11,000 premium that they had to pay for a jet sewer... [LB543]

LOY TODD: Makes no sense at all. [LB543]

SENATOR HADLEY: Okay. [LB543]

SENATOR FISCHER: Other questions? Senator Janssen. [LB543]

SENATOR JANSSEN: Thank you, Senator Fischer. I'm sitting here trying to put my hands all around this thing, which we always do. But in understanding this, you have your dealership, which is in Nebraska per se, it could be a dealership, and then manufacturers can be from anywhere. What we require is that the manufacturers be licensed just in the state of Nebraska... [LB543]

LOY TODD: Yes. [LB543]

SENATOR JANSSEN: ...under current statute. And they're trying to exempt that, right? [LB543]

LOY TODD: For the...for businesses doing this kind of business, that's correct, this bill would do that. [LB543]

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SENATOR JANSSEN: So then there would be no accountability for these companies that may come in there and may leave, may or may not pay their dealer, I don't know. [LB543]

LOY TODD: Yeah, there would be no reason to deal with them I mean to know about them, let's put it that way. [LB543]

SENATOR JANSSEN: So...and I think in large part we're...I understand a little bit where the city of Lincoln is coming in and their issue, Senator Wesely gave great testimony to that. I don't think LB543 is the means for that. It seems like we're trying to be...trying to bring a lot of things in for a very narrow scope. And nothing against the city of Lincoln, I happen to live here half a year now as it is. And I just don't think with their troubles we should really have the city of Lincoln defining how we purchase these type of vehicles. They seem to be the only one in the state that has issue with doing this. And I would hate to see cities like Norfolk, Fremont, Kearney, on down the road have to deal with this as well. So that's just more my opinion. You can answer any question that I may have thrown out in that comment section. [LB543]

LOY TODD: Well, I understand what you're saying, Senator. When Mayor Wesely indicated that he was told there was only one dealer, gosh, it's too bad somebody told him that. And it's too bad they didn't go to the licensing board because...or called me, I could have given them a list of names. But... [LB543]

SENATOR JANSSEN: Thank you. [LB543]

SENATOR FISCHER: Other questions? I have a few, Mr. Todd. When you just said, in response to one of Senator Janssen's comments, with this kind of business, now earlier you said this bill doesn't just limit it to emergency vehicles. But then with your comment it almost makes it sound like it does limit it. So does it limit it or doesn't it limit it? [LB543]

LOY TODD: What I was referring to, Senator, was that if you only did business with the city of Lincoln and the city of Omaha in the category of fire truck, specialty...I mean specialized equipment, I mean, that's fairly broad but only those entities, only those vehicles then you could escape all licensing requirements. If you operated in the state of Nebraska and you sold any of those kinds of defined vehicles to anyone other than the city of Lincoln or the city of Omaha or those counties, then you would still be under it. So the confusion, I think, is because it's sort of a two-edged exemption. And part of it is based on who you're doing business with and the other is what you're selling. [LB543]

SENATOR FISCHER: Do you know where Omaha gets their ambulances and fire trucks from? [LB543]

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LOY TODD: No, Senator, I don't. [LB543]

SENATOR FISCHER: Okay. [LB543]

LOY TODD: I just setting out the alarms on this thing. I didn't find out where anybody was doing business. [LB543]

SENATOR FISCHER: Okay. You mentioned that the one dealer that was mentioned before lost his license and that the board took that license away from him. Do you know how many dealers lose licenses a year? [LB543]

LOY TODD: Bill Jackson is here, he can answer that question. It's not very many because that's the death penalty. And there are a lot of things that happen before anybody gets to that stage, so I don't see it very often. [LB543]

SENATOR FISCHER: I would take it from your testimony you would say that citizens in Nebraska, all citizens in Nebraska are currently protected because of the licensing requirements that we have in this state. [LB543]

LOY TODD: Yes. [LB543]

SENATOR FISCHER: And you are fearful of what will happen if this bill would move forward for the citizens of Lincoln and Omaha. [LB543]

LOY TODD: Yes. [LB543]

SENATOR FISCHER: I mean, I view it that they lose a lot of protection because what is their recourse then. [LB543]

LOY TODD: You know, I don't know how you get jurisdiction on somebody that doesn't have to do anything. I...it just...I don't know how you sue them. [LB543]

SENATOR FISCHER: Manufacturers can be licensed in the state. On the fiscal note that's the loss, that \$11,000 in the fiscal note, that's the loss there, correct, from manufacturers that...from out of state that currently wouldn't need to be licensed in the state. [LB543]

LOY TODD: Yes, yes. That's the bulk of it. [LB543]

SENATOR FISCHER: Car dealers though, if they're...car and truck dealers have to have their...do they have to be residents in Nebraska or does their business have to be in Nebraska in order to be licensed? [LB543]

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LOY TODD: The business has to be here. You have to have a physical location, you have to have a phone, you have to be open so many hours a week, you have to have a \$50,000 bond, you have to be subject to the regulation of the industry licensing board. Your sales people have to be licensed and go through that process, and so you have that regulator scheme. [LB543]

SENATOR FISCHER: And I think you said there were eight dealerships now that are licensed that could handle the specs on a fire truck? [LB543]

LOY TODD: There are eight that are currently licensed directly related to this specialty equipment. There are literally thousands whose license qualifies them to do that if they choose to make that agreement with the manufacturer. So... [LB543]

SENATOR FISCHER: And there's 30 manufacturers, is that what you said? [LB543]

LOY TODD: There are 30-some manufacturers licensed in the state. [LB543]

SENATOR FISCHER: Wouldn't you think that that would be a good business opportunity for your dealers to...while they're waiting for us to buy cars again to try and hook up with those manufacturers? [LB543]

LOY TODD: Yes, and I can tell you that the publicity from this bill has actually created some inquiries from my people saying, where can I do this. So... [LB543]

SENATOR FISCHER: Okay, thank you. Senator Hadley. [LB543]

SENATOR HADLEY: That was the question I was going to ask, that Midway Chevrolet in Kearney, Nebraska, if it so desired, could start selling fire engines if it wanted. Is that correct? [LB543]

LOY TODD: Correct. That's correct. [LB543]

SENATOR HADLEY: So there's no restrictions that way. And you would think the marketplace would then dictate how they do it and where they do it. [LB543]

LOY TODD: You bet. In previous discussions, I mean, this isn't the first time I've ever talked to the city of Lincoln. I've gotten calls in the past, talking about this law and how do we make it work. I think Mr. Jackson will indicate that he gets the same kind of calls, how do we make this work. And we just tell them, simply you just have to find any manufacturer will do it or I mean any dealer will submit bids for you, would you like a list? That's what...I've told the city of Lincoln, let me know if you can't find a dealer, I'll give you a list. I'll recruit them. [LB543]

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SENATOR HADLEY: Okay. [LB543]

SENATOR FISCHER: Other questions? I see none. Thank you very much. [LB543]

LOY TODD: Thank you. [LB543]

SENATOR FISCHER: Next opponent, please. An update on the odor. I guess, they're sealing the roof here at the Capitol today and the wind blew it into the intake which then brought it up through the fan. So they did turn off all the fans. Don't go to Senator Ashford's office, I understand that's really bad. So but they've turned off the fans and I think it is better. Good afternoon. [LB543]

JEFFREY SCHERER: Good afternoon, Senator Fischer and the other members of the Transportation and Telecommunications Committee. My name is Jeffrey Scherer, J-e-f-f-r-e-y S-c-h-e-r-e-r. I'm the chief financial officer of Smeal Fire Apparatus in Snyder, Nebraska. And I brought two associates with me here today, Jeff Hunke, vice president of Smeal Fire Apparatus will speak to the fire truck industry and how it is structured in the United States, and Mark Kreikemeier, vice president of Danko will discuss the role of a dealership in the sales process. Smeal Fire Apparatus is a manufacturer of fire trucks headquartered in Snyder, Nebraska, with a satellite plant in Neligh. We manufacture pumper, aerial ladder, and aerial platform trucks that are sold through a network of independent dealerships across the United States and Canada. We employ over 320 people between our two plants and have an annual payroll in excess of \$10 million. When we sign on a new dealership in a new state it is our responsibility to make certain that we are meeting the legal requirements of that state by obtaining the proper licenses and registration to transact business there. Some of these licenses are obtained from the Department of Motor Vehicles, some from Secretary of State Offices, and some from Departments of Revenue. Many states require a combination of licenses and registrations for multiple departments within a state. No two states are alike in their requirements. While some are very simple, there are many that are quite complex. Based on my experience, I would consider Nebraska's current licensing process to be a relatively simple process in comparison to other states. If passed, LB543 would eliminate this rather simple process for all manufacturers of specialty vehicles. Often state agencies will share information with each other. Once we have had a license from the Department of Motor Vehicles, we often find that we need to register with the Department of Revenue. This results in Smeal Fire Apparatus becoming a taxpayer in those states. Both California and Texas are prime examples, every year we file tax returns in those states and send a significant amount of money to those states and several others for our pro rata share of income derived from the sales within those states. As a Nebraska taxpayer I am very concerned that the passage of LB543 would negatively impact the tax revenues for our great state. A lack of licensing requirements could result in impaired ability to know and track who's conducting business when in the state. Those companies manufacturing speciality vehicles in other

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states and selling them in Nebraska could escape paying income tax on those sales. This could cost the state of Nebraska hundreds of thousands of dollars every year. As a Nebraska company we are not here looking for any special treatment. We're looking for merely a level playing field, as Senator Janssen mentioned. All of our sales in Nebraska are subject to Nebraska income tax, just as our California sales are subject to California income tax. If passed, LB543 could result in companies outside our state not paying their fair share. It also, as Senator Janssen mentioned, would result in the loss of revenues from a licensing factor. There are many manufacturers of specialty vehicles throughout the United States and many are presently licensed within the state of Nebraska providing a number of choices as it relates to fire trucks and ambulances. The system that is presently in place seems to work well as long as everyone involved performs their due diligence. The eliminating of licensing requirements as set forth in LB543 could easily do more harm than good and in the long-term be detrimental to the state of Nebraska. [LB543]

SENATOR FISCHER: Thank you. Are there questions for Mr. Scherer? Senator Stuthman. [LB543]

SENATOR STUTHMAN: Thank you, Senator Fischer. Thank you for your testimony, Mr. Scherer. And I know you've got fire trucks from coast to coast. Have you ever run into a situation where if this bill were to pass that would...are there similar issues in different states and different communities that have something like this? [LB543]

JEFFREY SCHERER: It's actually just the opposite, Senator Stuthman. What I see is more and more states requiring a much more complex licensing requirement than Nebraska currently has. So if anything, I see them more going in the opposite direction. From the standpoint that I mentioned regarding the tax revenues, it used to be years back it was a little tougher for state agencies to communicate with each other. But with the computer systems in place now they're getting very good at it. If we register with the Department of Motor Vehicles I know I need to get that registration done with the Department of Revenue or they're going to be coming and asking me why I have not done so. [LB543]

SENATOR STUTHMAN: And you have never experienced the fact that you can go to another state and there is no requirements in a certain city? [LB543]

JEFFREY SCHERER: There are some states, Senator, that do not have any requirements. But what I'm seeing is, and in my years of experience here is that just the opposite is happening. That more states are developing a more complex set of requirements and asking everybody to be registered and licensed to do business within that state, merely for the facts so that they can collect the tax revenues involved on those sales. [LB543]

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SENATOR STUTHMAN: Okay, thank you. [LB543]

JEFFREY SCHERER: You're welcome. [LB543]

SENATOR FISCHER: Other questions? Senator Janssen. [LB543]

SENATOR JANSSEN: Thank you, Senator Fischer. Mr. Scherer, you were kind of talking about how Smeal Manufacturing works in several different states. I, too, own a business that works in several different states; it's headquartered in Dodge County, and do pay taxes. And your example of Texas and California, two states for me, and we do have a requirement with certain states that we license ourselves, some states we don't. If they do, we try to do that anyways. I want to see if you have a similar experience to what we have, however. Take California for instance, if we go there, we're licensed, work through the board whatnot. A lot of times in my case a hospital facility will say, well, we're using somebody else because we can save X amount of money. Well, who are they? Well it's a person that...a lot of times in my industry is it's set up for short-term business, they don't stand behind their product a whole lot. A lot of things fall through the cracks with these companies. And a lot of times they go out of business. I've actually had situations where this same hospital called me back and said, hey, I've got personnel here, can you assume these contracts for me and take over. So in my opinion, my company by getting licensed we're held accountable. And that gives the purchaser on the other end a little bit of assurance that, hey, they're from Nebraska, we may not see them, but at least we...our state is looking out for us. Is that something similar to what you would see in the manufacturing business? [LB543]

JEFFREY SCHERER: Absolutely, Senator Janssen. You know, we see in California, for example, before obtaining our licenses there, we had to have...let people on our staff get fingerprinted at the sheriff's department and send those fingerprints in. That's an extreme example of some of the things that go into the licensing requirements in some states. Typically, you know, as I mentioned earlier with Senator Stuthman's question that, you know, we're seeing more complex records, more complex recordkeeping. There are no two states alike. California is very extreme. California, the sale of a fire truck is a taxable event in California. Most states across the country it's an exempt purchase based on the department exemption buying the apparatus. But in California we have to collect and remit sales tax on every truck that we sell in California. My recordkeeping, my job becomes more and more difficult all the time. In regards to your question or your comment about having somebody else handle the business for you, I think that relates back to what Mr. Todd said in that having a physical presence in the state, having an address, a physical location and a phone number precludes people from just setting up a post office box and running an ad in the yellow pages. And I think that is a good protection for all consumers regardless of what state they're in. [LB543]

SENATOR JANSSEN: A follow up, so the San Francisco Fire Department knows, even

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though you're in Nebraska, they know Smeal Manufacturing or whomever else stands behind their product because we're licensed in your state, and if you do have a problem you can go to that licensing board and they know how to get ahold of you. [LB543]

JEFFREY SCHERER: Absolutely. That is why the process is in place. We not only deal with the Department of Motor Vehicles in California, but also Board of Equalization in regard to the taxes. And any issues with our products there is, as Mr. Todd mentioned, a warranty, an ability for people to make sure their warranties are good and valid. Anybody can warrant anything, but standing behind the product is a different story. And so Riverside County, for example, one of our largest customers across the United States, Riverside County has dozens and dozens of our fire trucks. And if for whatever reason, if we build a truck that was not up to par, did not meet their specifications, if they couldn't get it resolved with us, they have the right and the ability to go back to those official boards and agencies in California and seek making it...being made whole on a project. [LB543]

SENATOR JANSSEN: Thank you, Mr. Scherer. [LB543]

SENATOR FISCHER: Other questions? Senator Hadley. [LB543]

SENATOR HADLEY: Senator Fischer, thank you. Mr. Scherer, I'll ask you the same question I asked the city finance officer from Lincoln. The problems that they've had in the past few years, in your opinion does that have anything to do with their bringing of this bill? [LB543]

JEFFREY SCHERER: Oh, I think it has everything to do with them bringing the bill. I think, however, and it's my opinion, I'm speaking on my own behalf, not the company's behalf, but I think the problems in Lincoln are isolated and unique. I think that the mayor was given bad information. I think that there has been and I think the records would show, if you went back and looked at who was licensed to do business in the state of Nebraska, I think you'd find that there were a number of ambulance manufacturers and a number of fire truck manufacturers licensed to do business for many years. We like to think, you know, we're a small town manufacturer with a big footprint in the state of Nebraska, based on our employment and our payroll. And we sell through 20-some dealerships throughout the U.S. and Canada. We build fire trucks for St. Louis, Missouri; Charlotte, North Carolina; Riverside, California; Toronto, Ontario; Vancouver, British Columbia; along with a lot of small town departments such as Wayne, Kimball, Nebraska; Platte Center, Valentine, Norfolk, Chadron, and those are just as important to us as the big cities. The way we run our business is we treat everybody the same, we try to treat them all like family. And that's seems to work pretty well for us. Even though we've got some real big city customers out there, some day we hope to be big enough for the city of Lincoln and maybe the city of Omaha. I guess time will tell in that regard. [LB543]

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SENATOR HADLEY: Thank you. [LB543]

SENATOR FISCHER: Other questions? I see none. Thank you very much. Did you have one, Senator Louden? Okay. Thank you very much. Next opponent, please. Good afternoon. [LB543]

JEFF HUNKE: Madam Chair and committee members, my name is Jeff Hunke, that's H-u-n-k-e, and I am the vice president of Smeal Fire Apparatus. And I address the committee as an opponent of LB543. The fire industry, the fire apparatus industry is structured and based on an OEM, which is the original equipment manufacturer, of which Smeal Fire Apparatus is the dealership, the selling dealership, if you will, and the purchaser, which is the end user ultimately the fire department itself. While I am a corporate officer of Smeal Fire Apparatus, I am confident in telling you that I am speaking on behalf of the major manufacturers in the fire apparatus industry, such a Pierce, Emergency-One, Rosenbauer, Crimson Fire, Seagrave's, there's about 15 manufacturers within the industry that we call major players, if you will, all of which sell through a dealer network, an established dealer network that is defined by geographical territories most of which are usually state boundaries. Dealerships as applied to fire apparatus provide many services that the OEMs quite simply are not set up to do. One of which is really important is standing by the warranty of a truck. Fire apparatuses are very complicated machines. When you're looking at brand new fire trucks they'll go from small little mini pumpers, maybe \$50,000 up to well over \$1 million for a well equipped, 100-foot platform or tiller truck. We build expensive trucks. In our company we consider a relatively inexpensive truck to be about \$200,000, all the way up to the ones that cost \$1 million. Within them trucks are various components from water tanks, engines, transmissions, frame, water pump, each containing their own warranty within the component. There is a term in the industry and that's called a sole source provider which is, quite frankly, a marketing ploy. We have to play the game. Well, I could get into it but I don't want to. Basically, what it means is that if you a supplier you are a sole source supplier. So what you sell to a fire department you must take care of the after service problems that may arise. Fire trucks are complicated. Sometimes they break down, some of them are major breakdowns, some of them aren't. Some happen within the warranty time, some of them happen well after the warranty has expired. The dealerships, and this is vital within our industry, and believe me when I tell you our industry is structured in such...evolution brought us to this point, it is an OEM dealership, final purchaser arrangement. That is what the marketplace dictates. The dealerships provide services after the fact. They take care of the fire trucks when they breakdown. Many fire departments have very few trucks. And when one of them breaks down it needs to get fixed. It don't need to get fixed next week, it needs to get fixed fast. The OEMs, whether you are in Wisconsin, and these states is where these major manufacturers are, Louisiana, Florida, Pennsylvania, South Dakota, Nebraska, that pretty much gets it. They are not set up in such a manner to get in a service van and

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drive out to Alliance, Nebraska, or drive out to Chadron, Nebraska, or West Point, Nebraska. It is their respective dealerships that are designed to take care of that fire department, if you will. Now... [LB543]

SENATOR FISCHER: I need to stop you there. [LB543]

JEFF HUNKE: All right, all right. [LB543]

SENATOR FISCHER: Okay, thank you very much. [LB543]

JEFF HUNKE: Yes. [LB543]

SENATOR FISCHER: Are there questions? Senator Stuthman. [LB543]

SENATOR STUTHMAN: Thank you, Senator Fischer. Jeff, you stated in your testimony that you are more of a dealer for like 15 companies or 15 different groups. Are the majority of them instate manufacturers or are a lot of them outstate manufacturers? [LB543]

JEFF HUNKE: No, the majority of the major manufacturers are out of state. Quite frankly, we are the one...the only major one within the state. And there are few other minor companies. And believe me, there are a lot of mom and pop shops, if you will, that are out there in the country. [LB543]

SENATOR STUTHMAN: Out of state, the majority of them are out of state. [LB543]

JEFF HUNKE: Oh, absolutely. [LB543]

SENATOR STUTHMAN: Yes, okay, thank you. [LB543]

SENATOR FISCHER: Other questions? I see none. Thank you very much for being here today. [LB543]

JEFF HUNKE: You're welcome. Thank you. [LB543]

SENATOR FISCHER: Next opponent, please. Good afternoon. [LB543]

MARK KREIKEMEIER: Good afternoon, Senator Fischer and all the other senators. My name is Mark Kreikemeier, that's K-r-e-i-k-e-m-e-i-e-r. And I'm vice president of Danko Emergency Equipment Company in Snyder, Nebraska and our company has been a licensed dealer for 35 plus years. Our dealership, we represent basically four OEM companies which one is Smeal Fire Apparatus which is in the state of Nebraska, they produce the fire trucks. We are also a PL Custom representative which provides

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ambulances and Rescue One, which does the rescue trucks, and then our Danko Company, we provide smaller apparatus to the fire industry. We have 51 employees, 13 are traveling sales experts, we have 6 within the state of Nebraska. We are...there are licensed dealers for specialty vehicles in the state of Nebraska, as my numbers that I've got were 7 for fire apparatus, there are 4 dealerships in the state that represent 7 ambulance companies. Danko's responsibility as a dealer and services, we provide an office, phone, sales, and staff. We also provide territory personnel to work with all the fire departments in assembling bids, called process all the bid documentation, attend the bid openings, and for the fire departments that need some assistance with help in writing specifications we will help do that to try and keep them on a competitive playing field. The other responsibilities of our dealership is conduct all the meetings such as plant visits to all manufacturing companies, preconstructions, prepaints and final inspections. We also take care of all the delivery to put the vehicles in service and give operational training instructions of all apparatus that we deliver for our companies. We also help the customer complete all the warranties. You know, if they...well, actually we do the warranties for our customers to help simplify it for them because it gets to be kind of confusing once in awhile. Another thing that we also provide as a dealer is we bid and supply and install all additional loose equipment, such as breathing apparatus, air packs, hydraulic rescue tools, protective bunker gear, and hand tools. As a dealer we also provide a repair center with qualified technicians. We also have mobile service with a qualified technician for...at the fire department if they need a repair quick, we can send our mechanics out. In closing, I'm against LB543. I believe that the state-issued dealer licenses sets a guideline for competitive sales for the companies that want to participate in our business and provide a wide variety of support for the cities in the state of Nebraska. Thank you. [LB543]

SENATOR FISCHER: Thank you very much. Are there questions? Senator Stuthman. [LB543]

SENATOR STUTHMAN: Thank you, Senator Fischer. Mr. Kreikemeier, have you ever bid on any equipment in Omaha or Lincoln? [LB543]

MARK KREIKEMEIER: Yes. [LB543]

SENATOR STUTHMAN: You have. Have you received any of the bids, I mean, have you... [LB543]

MARK KREIKEMEIER: The last one that received in Lincoln was in 1989. [LB543]

SENATOR STUTHMAN: In '89. [LB543]

MARK KREIKEMEIER: Yes, sir. [LB543]

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SENATOR STUTHMAN: So that's a few years ago. [LB543]

MARK KREIKEMEIER: Yes. We delivered the trucks in 1990. [LB543]

SENATOR STUTHMAN: Okay, thank you. [LB543]

SENATOR FISCHER: Senator Janssen. [LB543]

SENATOR JANSSEN: Thank you, Senator Fischer. Mr. Kreikemeier, I guess just for the benefit of everybody quickly, can you kind of explain to me what happens in Snyder, Nebraska at 7:00 or 8:00 in the morning to the population of the town. And then what happens at 4:00 or 5:00. [LB543]

MARK KREIKEMEIER: In Snyder, Nebraska, which is a population of about 300, we almost double in size. As Mr. Scherer stated, they employ over 300 employees. Our company has, at Danko, we have about 51, Omaha Steaks employs right at 90 to 100 employees there, and there are several other smaller companies in town. So it's a nice success story for Snyder. [LB543]

SENATOR JANSSEN: And are you drawing employees from...they're obviously not all from Snyder. [LB543]

MARK KREIKEMEIER: No, absolutely not. We have them come from Arlington, Wahoo, we have one employee that lives in Lincoln, Norfolk, of course, Smeal's has a lot of their engineers and stuff that comes from some distance, and that's like Lincoln, because they're looking for...the engineers are kind of tough to find at Snyder, Nebraska. [LB543]

SENATOR JANSSEN: I just wanted to say that so the members knew not to get caught at Mel's Cafe at noon when you guys let out, (laughter) they get pretty busy. [LB543]

MARK KREIKEMEIER: Um-huh, right, right. Yeah, the restaurant gets full. [LB543]

SENATOR JANSSEN: Thank you. [LB543]

SENATOR FISCHER: Other questions? Senator Hadley. [LB543]

SENATOR HADLEY: Senator Fischer. Just so I understand this right, right now there is nothing to stop a manufacturer from working with a...being a licensed dealer themselves, is that correct, in Nebraska, and setting up, you know, whatever it takes to be a licensed dealer. [LB543]

MARK KREIKEMEIER: Yes. [LB543]

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SENATOR HADLEY: ...this from Florida or wherever they could become a licensed dealer. [LB543]

MARK KREIKEMEIER: That's correct, sir. In one of our previous bids actually one of the companies actually went through a local automotive store, through a car dealership to provide a bid. [LB543]

SENATOR HADLEY: To provide a bid. [LB543]

MARK KREIKEMEIER: Yeah, to provide...they went through a local automobile dealership but, as it gets back to what Mr. Todd said, that you know it may be a one-time deal. Is that car dealership going to stand behind and know anything about a fire truck. That's why we feel that a dealership provides them services of expertise. They're a mediator between the customer and the OEM. I mean they got to play between there because of warranty issues. You know, if there's a warranty problem in the state of Nebraska on a truck that I have sold, the customer is going to call me. They're not going to call Smeal's as the manufacturer, they're going to call me and expect Mark Kreikemeier to come in and take care of it or provide services to take care of it. [LB543]

SENATOR FISCHER: Other questions? You said you had...your last bid in Lincoln that was accepted was 1989. Was that the low bid at the time? [LB543]

MARK KREIKEMEIER: That statistic I do not know. I know there were multiple bids there at the table. I don't remember if we were exactly low bid or not. I believe we probably were. [LB543]

SENATOR FISCHER: Do you know if there is a requirement that the low bid is accepted or is it up to the discretion of the council or the mayor to make sure the specs are followed? [LB543]

MARK KREIKEMEIER: Well, I...yeah, exactly. That goes back to the purchasing agent, which falls back usually on committee members. They'll come back through and evaluate all the bids to see, you know, where everybody falls in, what part they contain to. A lot of the problems when you get into some of the bid procedures is when they write their specifications they get them so tight that a lot of times most manufacturers will send a no bid letter in because they are so tight. And that's when you get a limited number of bid response or if you do not have a prebid conference to go over your specs to find out who has issues with your specs or not. [LB543]

SENATOR FISCHER: Could you tell me what price fire engines you usually are selling. [LB543]

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MARK KREIKEMEIER: And it's fire engines you're saying like the pumper truck is the most common would be, yeah, somewhere into that \$200,000 in a custom to...\$200,000 to \$350,000 range. [LB543]

SENATOR FISCHER: Okay, thank you. Other questions? I see none. Thank you very much. [LB543]

MARK KREIKEMEIER: Thank you. [LB543]

SENATOR FISCHER: Next opponent, please. Good afternoon. [LB543]

BOB SORENSEN: Good afternoon, Senator Fischer and other members of the committee. My name is Bob Sorensen, B-o-b S-o-r-e-n-s-e-n. I am the founder, owner and the guy that cleans the rest rooms at FireGuard in Omaha, Nebraska. We sell and represent five different manufacturers of emergency vehicles within the state of Nebraska. Gone through all the licensing. I try and get all my I's dotted and T's crossed. I am definitely in opposition, against this bill for numerous reasons which many of my colleagues have mentioned. Senator, in your particular...in Valentine, Nebraska, a year ago we worked with the Valentine Fire Department, actually took a ladder truck from one of our manufacturers into town, set it up on Main Street, took it out to the Holiday Inn. I don't believe you would find a manufacturer to do that. It takes distribution to do that or a licensed dealer. Senator Hadley, in Kearney, as a matter of fact several of my competitors here have worked with your fire department with great respect. Senator Janssen, even in Fremont we worked with an ambulance there. It was not a good experience but because we're a licensed distributor, dealer we lost a good amount of money taking care of some warranty issues. And I could go on and on. One of the things that was brought to attention here with Senator Wesely, back in 2001, my company had looked very seriously at bidding on the ambulances. However, the specifications were very difficult to meet. And I'll have to go back and check my records, I can't remember if we even bid it and had to bid it high because we knew it was going to be difficult or if we elected not to bid it. I believe on that one there may have only been one bidder on the ambulances. And I think in that case their low bid was not best bid. And it might have been the only bid. The last go around on the trucks here in Lincoln we elected not to bid those for several reasons. I think in the testimony that I've heard today the issue is not with the manufacturers being licensed as franchisees into the state of Nebraska. I believe that it is the enforcement of the licensing issue itself through dealers. And with the loss of revenue I heard as \$11,000, I think that money certainly needs to go to Mr. Jackson's department so he can further enforce the laws that are presently on the books. As I hear it, there has only been one city within the state of Nebraska that's having these issues. And there's only been one distributor or manufacturer's representative that has had these issues. And I thank you for your time. [LB543]

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SENATOR FISCHER: Thank you, sir. What does Omaha do? You're from Omaha, I keep asking. They keep running out of the room. [LB543]

BOB SORENSEN: Yes, ma'am. Omaha right now we are...I have two people training in the city of Omaha on two trucks that we delivered through Millard Suburban Fire Protection District. We will be bidding trucks this Thursday for the city of Omaha. I heard someone mention earlier they thought the city of Omaha was in...was a proponent to this bill, although I don't believe anybody is here from Omaha. [LB543]

SENATOR FISCHER: No one has come forward. [LB543]

BOB SORENSEN: Yeah. To the best of my knowledge, the city of Omaha is fine with the vehicles they've got. Omaha did receive five ladder trucks several years back from EDM out of Lincoln, which they were threatened by lawsuit to purchase. And I can say that from knowing the inside of it. [LB543]

SENATOR FISCHER: And that company is now gone, correct? [LB543]

BOB SORENSEN: That company is now gone and has quite a few lawsuits. [LB543]

SENATOR FISCHER: When you said that sometimes the specs are too tight and so you don't bid, could you clarify that a little. And does that happen often? [LB543]

BOB SORENSEN: Yes. There is what we term in our industry as proprietary specifications. And, I believe, you heard the CFO from Smeal or was it...somebody talked, maybe it was Jeff that spoke about single source supplier. There are certain manufacturers that will build their own cab, chassis, the whole...every package however you still got a Detroit or Cumings Motor, Allison Axles, etcetera, etcetera. There really is no true single source supplier. I mean, yes, as a truck is built I'm glad that Jeff recognized Crimson Fire as one of the upper dealers. Jeff still here? [LB543]

SENATOR FISCHER: He left. [LB543]

BOB SORENSEN: Oh, he left. Son of a gun, I gave him a compliment. (Laugh) Anyway, we do respect our competition. I think that is one of the things that...and I'll go on record to state it right now is that for some reason Mr. Melon (phonetic) felt that he was going to win the bid in Lincoln no matter what the case may be. And I had a couple of bid openings, I see city purchasing here. I would look at some of my competitors and, you know, let him have it, if he's going to be that low let him have it. And that was in the case of the last pumper trucks. I mean when you start getting 10 to 20 percent under the second bid you only get what you pay for. [LB543]

SENATOR FISCHER: Do you know does the lowest bid have to be accepted? [LB543]

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BOB SORENSEN: You know I'm not certain. I think each municipality has its own set of guidelines. However, I've been told by now Congressman Lee Terry that when he was a city councilman they have to go with the recommendation of the department. Obviously, they're not experts. I really don't consider anyone in the purchasing department as experts on specialty vehicles, emergency vehicles. I think that has got to be left up to the professionals, the people that work together on the specs. And as Mr. Kreikemeier stated, we do work and help counsel departments on how to assist them best in putting a specification together. And I don't think there's anyone in this room that would go on record and say that they want to specify their truck that would have to say S-m-e-a-l on the side. That becomes to that proprietary spec. There are some people out there that would like to see that thinking they have a ground level chance at getting the bid.
[LB543]

SENATOR FISCHER: In most cases then when specs are being drawn up do you work with local fire departments? Do you work with the mayor's office, who do you work with on that? [LB543]

BOB SORENSEN: Usually, Senator, it was directly with a technical services bureau of the fire department in the case of Omaha. In the case of Lincoln, Lincoln has their own shops, they have their own chief mechanic here in Chief Kleine (phonetic). He is the person that does grab and assemble different ideas, different specifications. With city budgets as tight as they are now, a lot of people are not fortunate enough to attend the different trade shows that we, as distributors, are required to attend. Just recently...
[LB543]

SENATOR FISCHER: You're required to attend? [LB543]

BOB SORENSEN: We are required to attend, yes. Case in point, I had to go to Las Vegas about two weeks ago... [LB543]

SENATOR FISCHER: Oh shoot. [LB543]

BOB SORENSEN: ...for a Spartan Motors meeting. I believe...well, I know Smeal representatives were there. But we are required to go to that to see... [LB543]

SENATOR FISCHER: Is that like a professional development, is that what it's for?
[LB543]

BOB SORENSEN: It really is, yes, it is. We understand and learn the new things that are coming out with regards to certain NFPA, or National Fire Protection Association requirements. A lot of things happen. This year, I mean, trucks now have a black box in there that records everything that happens. All the tire pressures...as a matter of fact,

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the cost of trucks just went up about \$18,000 give or take in this past year, 2009. We take that information that we get, we bring it back, we provide it to the people. Again, with the case of Omaha, Omaha's budgets or Lincoln's budgets, I do not believe, allow these different chiefs to go to these meetings and find these things out. We come back, we come back with NFPA requirements. We come back with manufacturer specifications. We find out what the department wants, we more or less help and coach them into what will work best for them. They will provide a specification, we'll all bid on the specification. And some people interpret things differently. [LB543]

SENATOR FISCHER: I assume when you are working with a department on drawing up the specs that other dealers are also doing that, manufacturers. [LB543]

BOB SORENSEN: That is correct, yes. [LB543]

SENATOR FISCHER: Okay. Other questions? Yes, Senator Hadley. [LB543]

SENATOR HADLEY: Senator. If the city of Kearney was going to bid a standard pumper, let's say, how many bids would you expect might they receive? [LB543]

BOB SORENSEN: For Kearney, Nebraska, I would expect them to receive, oh, one from FireGuard and one from Smeal for certain, or Danko, probably as many as three others, maybe a total of five. [LB543]

SENATOR HADLEY: So it is a fairly competitive business then... [LB543]

BOB SORENSEN: Yes, sir. [LB543]

SENATOR HADLEY: ...from that standpoint that there is not one or two manufacturers that are really... [LB543]

BOB SORENSEN: No, no, I can...I'll go on record to say that the...and I see Senator Gay is gone from the room but I believe Bellevue is in his district. [LB543]

SENATOR FISCHER: Papillion. [LB543]

BOB SORENSEN: Well, and that's where I live. But in Bellevue, for instance, we just bid two very high end ambulances that were specified. Well, we're bidding one manufacturer and there is one other. Those two units, yeah, we only had two bids that came in but we're also talking almost \$250,000 per ambulance. City of Omaha, their last purchase on ambulances, I believe, came...well, no one in this room I don't believe provided them a...anybody help me there, Mark? No, you weren't. Anyway, I think we're...the ambulances they're...they're old. They're working on new ones. So and I can also say this, too, that with the city of Lincoln we have worked with Chief Kleine

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(phonetic) at the shops, Lincoln shops, provided quite a bit of information. As a matter of fact, I got input the other day from a person that lives in the Wavery area that actually used to work for EDM, now works for me and has worked over 100 hours on providing information to Chief Kleine (phonetic) only to assemble specifications. It's my understanding that those have all been passed onto Chief Ford. And I would assure those would probably wind up in purchasing provided funding is available. [LB543]

SENATOR FISCHER: Okay. Senator Janssen. [LB543]

SENATOR JANSSEN: This will be easy for you because it's probably more of a comment than anything, Senator Fischer. [LB543]

SENATOR FISCHER: Senator Janssen has a comment. [LB543]

SENATOR JANSSEN: You know, actually when you got up here, Mr. Sorensen, it reminded me, I was on the Fremont City Counsel and we dealt...and I wasn't certain that was your company,... [LB543]

BOB SORENSEN: Yes. [LB543]

SENATOR JANSSEN: But the ambulance that you said we had work that probably was a great expense to you. It had to get done and, well for benefit of everybody we don't really need to bring you up to speed on that. But that's at the very core of why I think it's important to have licensing. Sitting on a city or a county board or whatnot, I can only imagine going back to my taxpayers and saying, well, yeah, we got the wrong ambulance, but now we don't know where the manufacturer is at because they're not licensed, we have no recourse. In this case it was probably a great expense to you, but we knew where to go and how to get it done and eventually had a good end to that product. So that's more of a comment than anything. [LB543]

BOB SORENSEN: Thank you. [LB543]

SENATOR FISCHER: Other questions? Senator Stuthman. [LB543]

SENATOR STUTHMAN: Thank you, Senator Fischer. Do you feel, Mr. Sorensen, that there are specs written that eliminates competition? [LB543]

BOB SORENSEN: Yes. [LB543]

SENATOR STUTHMAN: Okay, thank you. [LB543]

SENATOR FISCHER: Other questions? I see none. Thank you very much for being here today,... [LB543]

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BOB SORENSEN: Thank you. [LB543]

SENATOR FISCHER: ...Mr. Sorensen. Other opponents, please. Good afternoon. [LB543]

TREY MYTTY: Good afternoon, Senator Fischer and the rest of the committee. My name is Trey Mytty. It's T-r-e-y M-y-t-t-y. I'm here in opposition of LB543 for a few reasons. And I think most of them have probably been touched on already. But myself, I am the owner of Omaha Truck Center. We are primarily a freight liner truck dealership that gets involved in fire and rescue at some point. But also I think the other vehicles that could fall under this bill as it's written now because it leaves kind of the door open for other vehicles. And along with that, might be snowplows, dump trucks, sanders, anything over 8,000 pounds, which I think is...there's a number of vehicles that get involved in that. So, I guess, as a dealer for business protection of other dealers out there I think it's important that this does not go through. I think licensed dealers, I know, pay taxes, state, local, payroll, income taxes and also employ a number of people. I have dealerships in three states and 450 employees, but 300 of them are in the Omaha and Lincoln areas. And I think the very taxpayers that are paying taxes for these vehicles need to be protected. And having licensed dealers does that. Make sure you're dealing with reputable people in that aspect and it provides service and warranty after the sale, which I think is very important also. Whether it's an emergency vehicle or one of these other vehicles, if they're not operating properly they're no good to anybody. So I feel along those lines that this bill should not go through. And it's important to keep the local businesses going and also keep people employed that are paying taxes and doing business with many other businesses in the areas that it would affect in the end. Thank you. [LB543]

SENATOR FISCHER: Thank you very much. Are there questions? I see none. [LB543]

TREY MYTTY: Thanks. [LB543]

SENATOR FISCHER: Thank you for being here today. Next opponent, please. Good afternoon. [LB543]

RAYMOND MOLLER: Good afternoon, Senator Fischer and committee members. My name is Raymond Moller, R-a-y-m-o-n-d M-o-l-l-e-r. I am the Nebraska dealer for Toyne Fire Apparatus, that's T-o-y-n-e. I am also in opposition to this bill. I think it does create an unfair playing field for other out of state companies to be able to come in without having the safety net of the dealer's license that my other colleagues have mentioned prior to this. We are a smaller fire truck manufacturer. Several of the other companies that's been here prior to me this afternoon, we have sold numerous trucks to the city of Omaha. We sold a truck to the Rural Fire District of Fremont. We've also sold trucks at

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Kearney, all over the state of Nebraska. I do think it would create an unfair playing field. As far as the situation with the city of Lincoln in the past we, I believe, sent back a no bid on that because it was relatively a proprietary spec that was very difficult to meet, as mentioned by Mr. Sorensen prior to me. It's...when you get a set of specs like that from departments it's relatively simple for us as dealers and manufacturers to go through and tell whether it's something that you're going to have a shot at dealing with or whether it's a waste of your time. And that particular one would have been a waste of our time because it was rather detailed and proprietary. So we did pass on that one. But we have sold numerous trucks to the city of Omaha, Council Bluffs, many other larger towns in Nebraska. So that's all I need. [LB543]

SENATOR FISCHER: Thank you, Mr. Moller. When you said it was a proprietary bid, could you explain that. What does that mean? Does that mean...well, I'll let you explain it. [LB543]

RAYMOND MOLLER: It basically there's things written into the bid proposal that is proprietary to one manufacturer's design. It says, no exceptions will be allowed, that sort of thing that if it's a manufacturing process that only one company provides it eliminates a lot of the competition. [LB543]

SENATOR FISCHER: There would be no way that other manufacturers could even hope to meet that bid then? [LB543]

RAYMOND MOLLER: They could submit a bid, but they would basically have an exception in a slot where they will not accept one. So... [LB543]

SENATOR FISCHER: Okay. Other questions? Senator Stuthman. [LB543]

SENATOR STUTHMAN: Thank you, Senator Fischer. Do you, you know, listening to all of the testimony and I think you were here the whole time, too. You know, some of the first proponents they said, you know, we're only getting one or two bids for the specs that we're sending out and we want to open this up so that we get more bids. But I think do you feel that it's because of the bid, the reason that they are not getting people to bid for it. I think you stated that in your last statement. [LB543]

RAYMOND MOLLER: I think the one that basically caused all of this to transpire was because of the bid specifications. We are also in the bid process with the city of Omaha, along with Smeal and Crimson and several other manufacturers. We had a bid opening recently at North Platte and there were five or six other truck manufacturers that bid on that truck. Anywhere from four to seven competitive bids has been quite common for me whenever I go to bid a thing. [LB543]

SENATOR STUTHMAN: So, Mr. Moller, you feel that it's not an issue of the licensing

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part of it, it's an issue of how the bids are, bid specifications in other words. [LB543]

RAYMOND MOLLER: The bid specifications is essentially what limited the amount of bid results that they ended up with, yes. [LB543]

SENATOR STUTHMAN: Okay, thank you. [LB543]

SENATOR FISCHER: Other questions? I see none. Thank you for being here today. [LB543]

RAYMOND MOLLER: Thank you. [LB543]

SENATOR FISCHER: Other opponents to the bill. Are there any other opponents?
Good afternoon. [LB543]

WILLIAM JACKSON: Good afternoon, Senator Fischer, members of the Transportation Committee. My name is William Jackson. I'm the executive director with the dealer...with Motor Vehicle Industry Licensing Board. I come before you to oppose the legislation we've been visiting about on primarily just three things. The first thing is the fact that it just deals with two major cities, primarily, and not the rest of the state. I think that's a bad...just bad legislation to begin with. Number two is the consumer protection that is build in with the Dealer Licensing Act, it requires that a manufacturer, whether a manufacturer does...actually does manufacture here in the state of Nebraska or outside of the state of Nebraska, Ford Motor Company is a manufacturer who has a license to do business in the state of Nebraska. What a manufacturer license allows the manufacturer or distributor, and they're interchangeable, so don't get confused, what it allows them to do once they become licensed is to enter into a franchise agreement with a licensed Nebraska dealer. And that Nebraska dealer then becomes the sales person or the seller of that product. So with the built-in checks and balances with that dealer, the Nebraska dealer having a bond, having a place of business that's here in the state of Nebraska that's easily located and everybody knows where they're at, they have a phone, things like that, and that stand behind the product. The other and the third and final thing that really hasn't come up too much yet is the franchise law. The Dealer Licensing Act has a large franchise section. And when a manufacturer or distributor does enter into a franchise with a licensed Nebraska dealer they must adhere to all the franchise laws. And those laws demand that a warranty be handed out in a proper manner. And all of these things would be null and void in the two largest cities. And the other thing, I guess, kind of hit me by surprise we would still probably have to have all of these licenses so that they could do business outside of the city of Lincoln and city of Omaha. But what it would do is allow anybody, license or not, to come into the two major cities and bid, which would be a distinct disadvantage to the manufacturers who are trying to do it legally and do it right. I'll answer any questions you have. [LB543]

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SENATOR FISCHER: Thank you, Mr. Jackson. Are there questions? Senator Janssen. [LB543]

SENATOR JANSSEN: Yeah, and maybe you're not the right person to answer this. I probably should have asked one of the builders. But in hearing this, I've heard about Lancaster County, Douglas County, that's essentially what this is for. And what came up to me earlier as we were talking about Smeal's does a great deal of business in Riverside, California. So my question is whether or not large counties have more difficult times with their specifications than maybe...and if you can't answer that, that's fine. Maybe I can get that from somebody else afterwards. Because it seems like Lancaster County is having trouble with their specifications, whereas Riverside County, I do business there so I just happen to know they have 2 million residents of Riverside County, which is more than the entire state of Nebraska, let alone Lancaster and Douglas. But I don't know if the specifications are so tight, why they're so tight in Lincoln and whatnot. [LB543]

WILLIAM JACKSON: The major difference between those two cities primarily and the rest of the state of Nebraska is they require, with the size of the buildings and such, so forth, larger fire trucks, where Valentine doesn't need a double pumper that goes up 58 stories. So they do have some differences. But as far as the bid, yes there was some testimony about bidding where the manufacturer, basically, works with the municipality and dictates what the bid is and where nobody else can meet my specifications. That's...but as long as the municipality or the city wants to put out those kind of specs, that's what they're going to get. If the specs were more generalized to where all these manufacturers, and there's 23 manufacturers licensed in the state of Nebraska, there's more than eight dealerships, because there's a couple that are already car dealers that have a franchise. But we got all these things here and if the bid process, I have no control over what the bid process or what the specs are going to be, you know, but it would become a more level playing field for everyone. But that's something for someone else to deal with, not us. [LB543]

SENATOR JANSSEN: Okay, thank you. And since it's Senator Hadley's 50th birthday, I don't have anymore questions. (Laugh) [LB543]

SENATOR FISCHER: Birthday boy, Senator Hadley. [LB543]

SENATOR HADLEY: Sir, I think it's kind of ironic that part of the reason we seem to be having this concern was caused by someone who was a licensed dealer in Nebraska, is that correct? [LB543]

WILLIAM JACKSON: You could say it was cause. But this has been...this goes back years. I've been with the dealer licensing board for 25 years. And 25 years ago it was a

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whole different market than it is now. It was a lot looser. I wasn't director then, I started out as an investigator. But things have really progressed, we've tightened down on all the bidders and making sure...and we've gotten the municipalities actually to agree in their bid sheet that you must be a licensed Nebraska dealer in order to bid. Now that hasn't been on those bid sheets but for the last, oh, maybe 10 years or less. So we've gotten more and more manufacturers licensed here in the state of Nebraska. We've got more and more dealers who are in franchise by these things over the years. I can't say that there was a single event, although there's been more than one event where there's been some problems. But those things without the license of the dealer's board that dealer wouldn't have been held responsible at all, he wouldn't have appeared in front of my board, and the license would not have been revoked. [LB543]

SENATOR FISCHER: Other questions? I see none. Thank you very much. [LB543]

WILLIAM JACKSON: Thank you. [LB543]

SENATOR FISCHER: Are there other opponents to the bill? Are there opponents? Anyone wishing to testify in the neutral capacity? I see none. Senator Campbell, would you like to close? [LB543]

SENATOR CAMPBELL: Just briefly. I'd like to thank the Chairman and my colleagues this afternoon. I have to tell you that over the course of the time since I introduced this bill, there were times when I went, mmm, I don't know. But having talked to both sides, I felt it was important that we have the committee hearing, that the testimony be clearly on the record as we looked at this issue. In the weeks since this bill was introduced and having visited with people on the phone from both sides of the issue one of the things that while this bill, we have to look at whether it's the answer, but certainly what is needed, I think, is communication for the cities and the counties across the state on how you would deal and use licensed dealers in the state. I think the last testifier made it very clear that in the last ten years we've all become much more sophisticated and complicated about the machinery that's there and how we can move forward and make sure that all of it is very clear that perhaps a good amount of information and communications is necessary. So I really appreciate, my colleagues, it became apparent to me that we needed to have the hearing and everything needed to be on the record. So thank you very much. [LB543]

SENATOR FISCHER: Thank you, Senator Campbell. With that, I will close the hearing on LB543. And I would like to recognize one of our pages. This is Jamie Myers' last day with us at one of our hearings. And sure have appreciated her help. So thank you, Jamie. And with that, I will close the hearing for the day. [LB543]

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Disposition of Bills:

LB372 - Placed on General File with amendments.

LB384 - Indefinitely postponed.

LB543 - Indefinitely postponed.

Chairperson

Committee Clerk